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Finance Committee Board of Supervisors City and County of San Francisco

REGULAR MEETING

WEDNESDAY, NOVEMBER 5, 1997, 1:00 P.M.

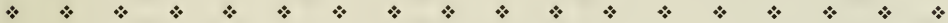
VETERANS BUILDING

401 VAN NESS AVENUE, ROOM 410

SAN FRANCISCO, CA 94102

MEMBERS: Supervisors Susan Leal, Barbara Kaufman, Amos Brown

CLERK: Rosemary Little-Horanzky



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FINANCE COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

REGULAR MEETING

WEDNESDAY, NOVEMBER 5, 1997 - 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVENUE
ROOM 410

MEMBERS: SUPERVISORS SUSAN LEAL, BARBARA KAUFMAN, AMOS BROWN

CLERK: ROSEMARY LITTLE-HORANZY

1. File 64-97-15. [Lease of Property at 2299 Market Street] Resolution authorizing a lease of real property at 2299 Market Street, San Francisco (The AIDS/HIV Life Center), for the Department of Public Health. (Real Estate Department)
(Continued from 10/22/97.)

ACTION:

2. File 101-97-23. [Appropriation, Fire Department] Ordinance appropriating \$2,000,000, Fire Department, (\$1,500,000 from the General Fund Reserve and \$500,000 from rescinding professional services-Consent Decree) for a Disability Monitoring Program, and for overtime, temporary salaries, and fringe benefits for fiscal year 1997-98. RO #97126. (Mayor)
3. File 97-97-21.2. [Contracting Authority, Chapters 12B/12C] Ordinance amending Administrative Code Sections 12B.5-1 and 12C.5-1 to authorize the contracting officer to waive Chapters 12B and 12C upon the request of the potential contractor or on the contracting officer's own initiative where there are no qualified responsive bidders or potential contractors that comply with the requirements of those chapters, for bulk purchasing contracts and where compliance with those chapters would result in the City's entering into a contract with an entity that was set up, or is being used, for the purpose of evading the intent of the applicable chapter, in each case subject to notification of such proposed waiver to the Director of the Human Rights Commission and the Board of Supervisors and the prior approval of the Director of the Human Rights Commission; to require contracting officers to report waivers of Chapters 12B and 12C to the Director of the Human Rights Commission and to require the Director of the Human Rights Commission to monitor the use of such waivers and to report to the Board of Supervisors regarding such use; to require a statement in an approving resolution before any board committee having jurisdiction over a proposed contract as to whether the contract is subject to any 12B.5-(d) or 12C.5-1(d) waiver; and to authorize the board to transfer waiver authority from contracting officers to the Director of Human Rights Commission by resolution. (Supervisors Katz, Ammiano, Leal, Bierman)

ACTION:

4. File 98-97-1. [Budget Analyst Contract] Hearing to consider exercising the fourth option in the agreement with the budget analyst to extend the agreement for two years, from January 1, 1998 to December 31, 1999. (Clerk of the Board)
(Continued from 10/1/97.)

ACTION:

5. File 170-96-12.3. [Bond Issuance, Educational Facilities] Resolution providing for the issuance of not to exceed \$140,000,000 aggregate principal amount of City and County of San Francisco General Obligation Bonds (Educational Facilities Bonds, 1997), including the issuance of an initial series thereof in the aggregate principal amount of not to exceed \$17,000,000 and designated as the City and County of San Francisco General Obligation Bonds (Educational Facilities Bonds, 1997 - Community College District), Series 1998B; authorizing the execution, authentication and registration of said Bonds; providing for the levy of a tax to pay the principal and interest thereof; providing for the appointment of depositories and other agents for said Bonds; providing for the establishment of funds related thereto; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said Bonds; companion measure to File 170-97-9. (Mayor)

ACTION:

6. File 170-97-9. [Bond Sale, Educational Facilities, \$17 Million] Resolution authorizing and directing the sale of not to exceed \$17,000,000 City and County of San Francisco General Obligation Bonds (Educational Facilities Bonds, 1997 - Community College District), Series 1998B; prescribing the form and terms of said Bonds; authorizing execution, authentication and registration of said Bonds; providing for the appointment of depositories and other agents for said Bonds; providing for the establishment of funds related thereto; approving the forms of official notice of sale of Bonds and notice of intention to sell Bonds; directing the publication of official notice of sale and notice of intention to sell Bonds; approving the form and execution of official statement relating thereto; approving the form of the continuing disclosure certificate; approving modifications to documents; ratifying certain actions previously taken; and granting general authority of City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said Bonds; companion measure to File 170-96-12.3. (Mayor)

ACTION:

7. File 172-97-66. [Affinity Credit Card Program] Resolution authorizing the Director of Administrative Services to enter into an operating and licensing agreement with the San Francisco Convention and Visitors Bureau for the development and operation of a San Francisco Affinity Credit Card Program. (Supervisor Bierman)

ACTION:

8. File 213-96-3.4. [Reserve Funds, Municipal Railway] Hearing to consider release of reserved funds, Municipal Railway, (Federal grants and matching Fund), in the amount of \$1,687,500 to fund needed equipment procurements. (Municipal Railway)

ACTION:

9. File 121-96-13.1. [Permit Fees for Tow Car Firms] Ordinance amending Police Code by amending Sections 2.26 and 2.27 to reduce tow car firm license fees. (Police Department)

ACTION:

10. File 64-97-17. [Treasure Island Lease] Resolution approving and authorizing a lease with the United States Navy regarding the use of the Fire Training School, Hangars 2, 3, and 180, the Treasure Island Marina and Great Lawn and the Admiral Nimitz Mansion on Naval Station Treasure Island. (Mayor)

ACTION:

11. File 64-96-21.1. [Lease Amendment, 1540 Market Street] Resolution authorizing an amendment to lease real property at 1540 Market Street for the Offices of Emergency Medical Services, Department of Public Health. (Real Estate Department)

ACTION:

12. File 64-97-16. [Lease of Property at 30 Van Ness Avenue] Resolution authorizing a lease of real property at 30 Van Ness Avenue for the Department of Public Health. (Real Estate Department)

ACTION:

13. File 65-97-13. [Lease of Property] Resolution authorizing and approving the lease of ground on city-owned property for a year-to-year term at the San Francisco County Jail in San Bruno, California, consisting of fourteen acres, to the Garden Project commencing November 1, 1997, without competitive bidding. (Real Estate Department)

ACTION:

14. File 100-97-5. [Transfer of Hetch Hetchy Surplus Fund] Resolution concurring with the Public Utilities Commission's fact finding that a fund surplus of \$45,703,273 exists in the utilities which can be transferred to the General Fund. (Public Utilities Commission)
(Continued from 10/29/97.)

ACTION:

LEGISLATION UNDER THE 30-DAY RULE

Rule 5.40 provides that when an ordinance or resolution is introduced which would create or revise major city policy, the committee to which the legislation is assigned shall not consider the legislation until at least thirty days after the date of introduction. Now pending:

File No. 97-97-62. Employee Signature Authorization (labor representation procedures in hotel or restaurant), Ordinance, (Supervisor Katz), 30 day Rule expires 11/26/97.

Watch future calendars for scheduling of this matter.

FINANCE COMMITTEE
S.F. Board of Supervisors
Veterans Building
401 Van Ness Avenue, Room 308
San Francisco, CA 94102

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OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642

FAX (415) 252-0461

November 1, 1997

TO: Finance Committee

FROM: Budget Analyst *Recommendations for meeting of*

SUBJECT: November 5, 1997 Finance Committee Meeting

Item 1 - File 64-97-15

Note: This item was continued by the Finance Committee at its meeting of October 22, 1997. The Committee requested that the Department of Public Health provide additional information pertaining to this proposed lease.

Department: Department of Public Health (DPH)
Department of Real Estate (DRE)

Item: Resolution authorizing a lease of real property at 2299 Market Street for the Department of Public Health.

Location: 2299 Market Street, intersection of Noe and 16th Streets

Purpose of Lease: Lease is for a portion of a proposed community health facility which has not yet been built. The facility is to consist of a four story office building. Once constructed, DPH will lease approximately 72 percent or 15,021 square feet of the rentable area of the building. DPH plans to use the 15,021 square feet of DPH leased space in the building for existing AIDS/HIV services including subletting to DPH contractors which provide AIDS/HIV services. DPH is also

exploring the possibility of opening a satellite San Francisco General Hospital AIDS Clinic at the location.

Size of Lease: 15,021 square feet (approximately 72 percent of the total 20,930 rentable square feet of the building) including portions of the basement, the second and the third floors, and all of the fourth floor of the proposed building.

Lessor: The AIDS/HIV Life Center

Lessee: Department of Public Health

Rental Cost: \$20,430 per month for base rent, or \$245,160 annually, based on \$1.36 per square foot per month for 15,021 square feet. In addition to the base rent of \$245,160 per year, the City would pay 72 percent (its prorata share) of all expenses incurred by The AIDS/HIV Life Center related to The AIDS/HIV Life Center's ownership and operation of the building. (See Comment No. 3).

**Utilities and
Janitorial Services**

Provided by Lessor: None. City would be responsible for the cost of separately metered utilities. City would pay 100 percent of janitorial costs for its leased space and 72 percent of such costs for common areas incurred by The AIDS/HIV Life Center.

Other Costs: City would be responsible for 72 percent of all costs incurred by The AIDS/HIV Life Center to operate the building (See Comment No. 3).

Term of Lease: On or about the date of the completion of tenant improvements through June 30, 2009, or approximately ten years. Three options to renew for additional five-years each, for a total potential rental term of 25 years.

**Rent Adjustment
Clause:** Base rent of \$1.36 per square foot shall not be increased through the lease term of approximately ten years. However, reductions to the base rent may be instituted by The AIDS/HIV Life Center, as a result of The AIDS/HIV Life Center's ability to retire debt for construction of the building through fundraising efforts. Under the proposed lease, The AIDS/HIV Life Center is required to make a good faith effort for the accelerated reduction of its construction debt. Once The AIDS/HIV Life Center has retired its construction debt, the City's base rent shall be reduced to zero and such zero base rent rate would remain in effect through the balance of the original 10 year term as well as

the three five year renewal option periods, for a total of up to 25 years.

Source of Funds: DPH proposes to fund all costs related to this lease from Federal, State, and General Fund monies currently allocated to programs providing AIDS/HIV related services in the City. Ms. Monique Zmuda of DPH advises that DPH expects to fund 100 percent of all costs related to this lease, including base rent, utilities, and operations costs within existing Federal, State, and General Fund monies allocated for AIDS/HIV care and will not require any additional General Fund support.

Ms. Zmuda advises that DPH has not yet determined how the space will be used, and that the nonprofit contractors who may occupy the space have not yet been finalized. According to Ms. Zmuda, final determinations of how the space will be used will not be made until the lease is approved and the project moves forward, and at that time DPH will enter into planning and negotiations for the best use of the space. Ms. Zmuda reports that currently, DPH contracts with approximately 85 AIDS/HIV service providers in San Francisco and estimates that DPH allocated a minimum of \$1,685,000 (approximately 70 percent Federal, 15 percent State, and 5 percent General Fund monies) to pay for facility lease costs, excluding operating costs, for such providers in FY 1996-97.

Ms. Zmuda states that DPH believes that it will have no difficulty in finding AIDS/HIV service providers who will be willing to occupy the newly constructed space due to its planned ADA accessibility, the desirability of the location, and the current lack of affordable office space for such providers in the City. Attachment 1, provided by DPH, is a list of 24 AIDS/HIV contractors which DPH has identified as potential tenants for this building. However, Ms. Zmuda advises that DPH has not discussed the possibility of subletting space under the proposed lease with these contractors nor does DPH have any assurances that these contractors are not currently under long term lease commitments in other locations.

Description: In January of 1995, The AIDS/HIV Life Center, a nonprofit community-based organization, entered into a 49-year ground lease of the proposed site for \$1.00 per year with the Trinity United Methodist Church, the owner of the land at 2299 Market Street, for the purpose of constructing a four story retail and office building of approximately 20,930 net rentable square feet. Use of the building is to be for health

related purposes, with occupancy restricted to (a) AIDS/HIV service organizations, (b) a Walgreens pharmacy-only store, and (c) Trinity United Methodist Church. Mr. Steve Alms of the DRE advises that The AIDS/HIV Life Center has signed leases with Under One Roof, a AIDS/HIV retail and service provider, and Walgreens. Although construction has not yet begun, it is estimated that the building will be ready for occupancy in the Spring of 1999.

DPH proposes to lease approximately 15,021 square feet (approximately 72 percent) of the 20,930 square feet of rentable area of the building. Including common areas, access and support areas, DPH will occupy approximately 80 percent of the building. As noted above, DPH plans to use the space to provide AIDS/HIV related services. Although the exact use of the space has not yet been determined, it is planned that DPH would sublease all or a portion of its 15,021 square feet in the building to contractors which provide AIDS/HIV services. DPH advises that rent, operations and utilities costs for the proposed lease would be fully paid from Federal, State, and General Fund monies which it currently allocates to the provision of AIDS/HIV services.

Ms. Zmuda advises that, by entering into this lease, the City will support the building of a new AIDS/HIV community services center in the Castro District. Ms. Zmuda advises that, in order for the developer of the project to secure financing for the construction of the building, the developer must demonstrate a continuing revenue stream which would be derived from the rental payments under the proposed lease.

Comments:

1. Mr. Alms reports that the proposed base rent of \$1.36 per square foot per month is based on the projected annual debt service costs for construction of the building over a ten-year period, not on the fair market rental value, and excludes all costs and expenses incurred by The AIDS/HIV Life Center related to The AIDS/HIV Life Center's ownership and operation of the building (See Comment No. 3). According to Mr. Alms, the base rent of \$1.36 per square foot per month, is currently approximately 10 percent above fair market rental value. However, Mr. Alms states that the base rental rate will not increase further over the initial 10 year term of the lease. Mr. Alms advises that the market has escalated dramatically in the past 12 months, and a continuation of this trend though the construction period and any additional market escalation over the 10

year term of the lease could raise the fair market rental value past the proposed base rent rate.

2. In addition to the base rent of \$245,160 per year, the City would pay 100 percent of its janitorial services, and 72 percent of all costs and expenses incurred by The AIDS/HIV Life Center related to The AIDS/HIV Life Center's ownership and operation of the building, known as operating costs. Such operating costs include: (1) air conditioning, electricity, steam, water, heating, mechanical, telephone, ventilation, escalator and elevator systems and all other utilities, including the costs of all repairs, labor and material costs pertaining to those systems; (2) general maintenance, cleaning and service contracts and the cost of all related supplies, tools and equipment; (3) all insurance required on the Building; (4) management fees; (5) depreciation of personal property, including carpeting and window coverings owned by The AIDS/HIV Life Center in common areas; (6) accounting and legal expenses; and (7) future capital improvements required by law.

According to Mr. Alms, under a typical lease, all operating costs are estimated by the lessor and included in a set rental rate stipulated in a lease with the tenant typically responsible for increases in operating expenses above the initial year of the lease. However, under the proposed lease, the City would be obligated to pay 72 percent of all operating costs incurred by The AIDS/HIV Life Center in addition to a base rent which is currently approximately 10 percent above fair market rental value, but would not increase further over the initial ten year term of the lease. Under the terms of the lease, the City will have the right to negotiate and ultimately arbitrate the level of services provided and the cost of operating expenses for the building. Mr. Alms notes that, since the building has not yet been constructed, building operating cost history is not available to assist in estimating actual operating costs.

Mr. Alms states that a consultant to The AIDS/HIV Life Center has estimated initial operating expenses for the proposed City-leased space at \$0.42 per square foot per month, or approximately \$75,600 annually. However, Mr. Alms reports that this estimate reflects the expectation that certain operating costs will be minimized through special arrangements as a result of the nonprofit status of The AIDS/HIV Life Center, and could otherwise be 10 to 30 percent higher, approximately \$7,560 to \$22,580 per year more than the consultant's estimate, or a total of \$83,160 to \$98,280 annually. Such special arrangements include in-

kind service donations and operating services provided by volunteers, but there is no guarantee as to how successful The AIDS/HIV Life Center will be in obtaining these special arrangements over the term of the lease. Furthermore, Mr. Alms advises that, if the existing nonprofit lessor were to lose its nonprofit status or sell the building to a profit-making lessor, operating costs could rise.

3. Mr. Alms notes that when the City enters a lease for space in a building which contains multiple tenants, it may take advantage of lower utility rates available to City departments only if separately metered utilities are available. If separately metered utilities are not available, utility costs are paid by lessor and passed through in higher rental rates to the City. Under the proposed lease, the building's utilities would be separately metered which would allow DPH to obtain rates that are 75 to 80 percent below market rates. Mr. Alms estimates that the savings based on this rate would be approximately \$24,000 to \$26,000 annually.

4. Under the proposed lease, the base rent of \$1.36 per square foot per month shall not be increased during the lease term of approximately ten years. However, reductions to the base rent may be instituted by The AIDS/HIV Life Center, as a result of The AIDS/HIV Life Center's ability to retire its construction debt through fundraising. Under the proposed lease, The AIDS/HIV Life Center is required to make a good faith effort for the accelerated reduction of its construction debt. According to Mr. Alms, any such monies The AIDS/HIV Life Center obtains shall reduce the \$1.36 per square foot per month base rent that the City pays, and eventually could reduce the base rent to zero when the construction debt is paid in full. Any such reductions would apply to the three 5-year option periods as well as the initial term of 10 years, for a total of 25 years. Ms. Zmuda advises that the DPH anticipates that The AIDS/HIV Life Center, through fundraising efforts, will pay off its construction debt prior to the June 30, 2009 expiration of the lease, and reduce the base rent paid by the City to zero with the City responsible for paying its utilities costs and 72 percent of The AIDS/HIV Life Center's operations costs only. However, as noted above, there is no guarantee to the City that the City's rent will be reduced during the potential 25 year term of the lease.

Under the terms of the proposed lease, the City has three options to renew for an additional five years each. In the event that, after the June 30, 2009 expiration date of the lease, The AIDS/HIV Life Center had not yet retired its construction debt and the City agrees to renew the lease, the City would pay a rental rate based on the lesser of The AIDS/HIV Life Center's remaining construction debt service, based on the reductions described above, or an amount not to exceed a maximum of 95 percent of the fair market value of the leased space. Such fair market value would be determined through agreement between The AIDS/HIV Life Center and the City, at the time of the exercise of the option. If The AIDS/HIV Life Center and City do not agree on the fair market value and an appraisal procedure specified in the lease does not result in a rental rate acceptable to the City, the City's Director of Property may revoke the execution of the extension option.

In the case that The AIDS/HIV Life Center had retired its construction debt, upon renewal of the lease, the base rent paid by the City would be zero, with the City responsible for paying its utilities and janitorial costs and 72 percent of The AIDS/HIV Life Center's operating costs only. However, as of the writing of this report, the Budget Analyst has not received a financing plan or a written financial analysis of the estimated annual debt service costs. Further, there is no guarantee to the City that The AIDS/HIV Life Center will be able to pay its construction debt and thereby reduce the base rent paid by the City to zero during the potential 25 year term of the lease.

5. As noted above, Trinity United Methodist Church is the owner of the land on which the building is to be constructed. Mr. Alms advises that one condition of the proposed lease is that a portion of DPH's space be shared with the Trinity United Methodist Church. This shared space would be a 2,000 square foot public meeting room and a 400 square foot conference room. The rooms would be available to Trinity United Methodist Church for weekend and evening church activities and services during specified hours. Mr. Alms reports that Trinity United Methodist Church will occupy the shared space approximately 25 percent of the time, with the space available for City use approximately 75 percent of the time. According to Mr. Alms, however, United Trinity Methodist Church will not pay a share of the building's operating costs for its usage of this space. Instead the City will be responsible for paying

all operating costs related to this space (See Comment No. 3).

6. Mr. Alms advises that The AIDS/HIV Life Center has completed all building plans, and a permit to construct the building has been approved by the Department of Building Inspection. In addition to paying for the construction of the building shell and all core facilities (elevators, rest rooms, etc.), The AIDS/HIV Life Center will pay up to \$597,000, or approximately \$39.74 per square foot, based on 15,021 square feet, for the construction cost of tenant improvements as required by the City. The cost of any tenant improvements required by the City in excess of \$597,000 would be paid 100 percent by the City. According to Mr. Alms, such tenant improvements would include the installation of interior partition walls, carpeting, light fixtures, doors, electrical and mechanical hardware.

However, the Budget Analyst notes that one half of the \$597,000, or \$298,500, is to be comprised of funds to be allocated to The AIDS/HIV Life Center in a grant from the Mayor's Office of Community Development. Therefore the actual amount in tenant improvements to be paid for by The AIDS/HIV Life Center is \$298,500, or approximately \$19.97 per square foot, and not \$597,000. Therefore the City must pay for all tenant improvement costs in excess of \$298,500.

Ms. Zmuda reports that DPH and DRE have determined that \$39.74 per square foot, half of which is City-funded, would fully cover the required tenant improvements and Ms. Zmuda does not anticipate requiring tenant improvements in an amount which will exceed \$597,000. Mr. Alms advises that DRE considers \$597,000 generous for the intended tenant improvements. However, Mr. Alms notes that because it has not yet been determined how the proposed space will be used, it can not be guaranteed that such an amount will cover the necessary tenant improvement costs.

The lease requires that tenant improvements will be completed based on plans and budgets approved by the City. However, Mr. Alms advises that, since no base building currently exists, it may be difficult to control and audit which costs represent the base building construction costs and which costs should be allocated to tenant improvements.

Furthermore, Mr. Alms advises that, if one or more of the nonprofit contractors occupying a portion of the space changes during the term of the lease, the City will bear 100 percent of the costs of any modification of the office space which might be required due to the new subletter(s). Ms. Zmuda states that, in order not to exceed \$597,000 in leasehold improvements, DPH would seek long term tenants for the space and minimize any modifications required during the term of the lease.

7. According to Mr. Alms, The AIDS/HIV Life Center has signed a lease with Walgreens and Under One Roof, a AIDS/HIV retail and service provider. Mr. Alms reports that Walgreens will occupy 2,999 square feet of the building, or approximately 14.3 percent, and pay a base rental rate of \$4.25 per square foot per month. According to Mr. Alms, Walgreens will pay all its own utilities and janitorial costs as well as \$10,000 per year for maintenance of the building's common areas. Mr. Alms advises that Under One Roof will occupy 2,390 square feet of the building, or approximately 11.4 percent, and lease under the same rental terms as the City including paying the same base rental rate of \$1.36 per square foot per month.

8. According to Mr. Alms, if the building is not built, the City would incur no financial risk by entering into the proposed lease. However, it is uncertain at this time as to how much this proposed lease will cost the City because (a) it is uncertain which providers of AIDS/HIV services will occupy the space and what expenditures the City will save by relocating such service providers, (b) the cost to the City of tenant improvements, (c) the amount of the actual operating costs, and (d) if The AIDS/HIV Life Center will be able to obtain outside funds to assist in retiring its construction debt.

9. According to Mr. Alms, the AIDS/HIV Life Center has not yet been certified by the Human Rights Commission as being in compliance with the provisions of the Equal Benefits Ordinance. Mr. Alms advises that the AIDS/HIV Life Center will seek this certification prior to the commencement of the proposed lease.

10. The proposed lease includes a provision that requires the Lessor to cooperate, at no cost to the Lessor, with the implementation of Ordinance 31-96 (Bicycle Storage at City-owned and leased properties).

11. Mr. Alms advises that the DRE considers approval of the proposed lease to be a policy decision for the Board of Supervisors. Attachment 2 to this report is a memo from the DRE summarizing the Department's concerns surrounding this proposed lease.

12. In summary, by entering into the proposed lease, the City would support the development of a new community center in San Francisco to provide AIDS/HIV services. Furthermore, the proposed lease may result in cost savings to the City if the City receives base rent reductions as a result of The AIDS/HIV Life Center reducing or retiring its construction debt service, thereby allowing DPH to reallocate such monies and provide expanded services to the AIDS/HIV community, according to Ms. Zmuda. However, the following areas of concern and risk may be assumed by the City if this proposed lease is approved:

- The exact use of the space has not yet been determined and the AIDS/HIV service providers who would sublease from DPH have not yet been identified.
- The base rental rate of \$1.36 per square foot is based upon debt service to construct the building and not on fair market value. The base rent of \$1.36 per square foot per month, is ten percent higher than the current fair market rental value.
- In addition to the base rent of \$245,160 per year and paying 100 percent of its janitorial services, the City would pay 72 percent of all costs and expenses incurred by The AIDS/HIV Life Center related to The AIDS/HIV Life Center's ownership and operation of the building, known as operating costs. Such operating costs to the City have been estimated at between \$75,600 to 98,280 per year. The City would have limited control over such costs, but the amount of operating costs and what they would be over the potential 25 year term of the lease is unknown at this time.
- DPH anticipates that The AIDS/HIV Life Center, through fundraising efforts, will pay off its construction debt prior to the June 30, 2009 expiration of the lease, and reduce the base rent paid by the City to zero with the City responsible for paying its prorata share of operating and utilities costs only. However, there is no guarantee to the City that its rent will be reduced during the potential 25 year term of this proposed lease.

- The AIDS/HIV Life Center has agreed to pay \$597,000, or \$39.74 per square foot, for tenant improvements required by the City. However, half of the \$597,000 is from Federal Community Development Grant monies which the City would allocate to The AIDS/HIV Life Center. Therefore The AIDS/HIV Life Center is actually paying only \$298,500, or \$19.87 per square foot for tenant improvements.
- The cost of any tenant improvements in excess of \$298,500, would be paid 100 percent by the City. Although DPH and DRE state that the amount allocated toward tenant improvements should be adequate, the actual cost of City-required tenant improvements, and the amount of costs which the City would incur over the term of the proposed lease for such improvements, is unknown at this time due to: (a) the uncertainty over how the space will be used and which nonprofit contractors will occupy the space, (b) the possibility of sublease changes during the term of the lease requiring additional tenant improvements, and (c) since no base building currently exists, it may be difficult to control and audit which costs represent the base building construction costs and which costs should be allocated to tenant improvements.
- As of the writing of this report, the Budget Analyst has not been provided with a financing plan or a written analysis of the estimated annual debt service costs for the construction of the building.

13. Ms. Zmuda advises that DPH needs additional time to provide the additional information as requested by the Finance Committee at its meeting of October 22, 1997 and therefore is requesting that this item be continued to the call of the Chair.

Recommendations:

1. Amend the proposed resolution to make approval contingent upon certification by the Human Rights Commission that the AIDS/HIV Life Center is in compliance with the provisions of the Equal Benefits Ordinance.
2. Continue the proposed resolution, as amended, to the call of the Chair, as requested by DPH.

LIST OF POTENTIAL LIFE CENTER TENANTS

1. Acupuncture & Recovery Treatment Service
2. AIDS Benefit Counselors
3. AIDS Emergency Fund
4. AIDS Legal Referral panel of the San Francisco Bay Area
5. American College of Traditional Chinese Medicine
6. Bay Area Young Positives Inc.
7. Black Coalition on AIDS
8. California AIDS Intervention Training Center
9. Community United Against Violence
10. Filipino Task Force on AIDS
11. GAPA Community HIV Project/ A.P.I. Wellness Center
12. Home Care Companions Inc.
13. Immune Enhancement Project
14. Institute for Traditional Medicine-IEP
15. Quan Yin Healing Arts Center
16. San Francisco AIDS Foundation
17. Lavender Youth Recreation & Info. Center
18. Maitri AIDS Hospice
19. Men Overcoming Violence
20. National Task Force on AIDS Prevention
21. New Leaf Services for our Community
22. San Francisco HIV Prevention Project
23. Shanti Project
24. STOP AIDS Project Inc.



MEMORANDUM

July 28, 1997

TO: Dr. Mitch Katz
Acting Director
Department of Public Health

TO: Monique Zmuda
Chief Financial Officer
Department of Public Health

FROM: Steve Alms
554-9865

SUBJECT: 2299 Market Street Lease
The AIDS/HIV Life Center

Enclosed are drafts of the resolution and cover letter prepared for delivery to the Board of Supervisors. Please review and comment. Your particular assistance is needed in completing an accurate reflection of City's existing policy in support of the project. I have also enclosed a summary of the space in the building which shows the area proposed for City occupancy with corresponding floor plans.

As we have discussed, this lease differs in many regards from that normally entered by City. The manner in which it differs is briefly summarized for your information and consideration as follows:

- The rent was determined based on the cost to service debt needed to construct the building. It does not reflect market rates.
- The lease is absolutely net. City will pay its prorata share of any and all operating expenses. There is no building history available to determine actual costs.
- The building is proposed for construction. With current resources it is impossible to completely control the quality of the finished product.

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- While City has previously entered into leases with an allowance for tenant improvements, the base building ordinarily exists, and it is easier to control and audit the manner in which the allowance is used.
- Construction costs could escalate during construction of the base building, reducing the value of the allowance.
- The space will not be used by City staff. There is less certainty that the allowance is sufficient to construct the needed improvements since neither the occupants nor the improvements have not been identified.
- If occupancy changes during the term of the lease, City (or the contractor) will bear the cost of any modification to the premises which might be required.
- City will pay the cost to maintain the "community room" and "tower room" which will be used by Trinity United Methodist Church approximately 25% of the time.
- The community and tower rooms account for more than 3,000 square feet (20% of the premises) which cannot be assigned to a contractor.

This list is not exhaustive, but is a reasonable summary of significant economic factors and elements of risk. Please contact me at 554-9865 if you would like to discuss any of the above in greater detail or if you have other questions regarding this matter.

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Item 2 - File 101-97-23

Department: Fire Department

Item: Supplemental Appropriation in the amount of \$2,000,000 for Uniform Overtime pay and a Disability Monitoring Program.

Source of Funds:	General Fund Reserve	\$1,500,000
	Fire Department FY 1997-98	
	budget- Professional Services	<u>500,000</u>
		\$2,000,000

Description: The Fire Department's General Fund overtime budget for Fiscal Year 1997-98, as previously approved by the Board of Supervisors, is \$2,446,649. Based on the latest available figures from the Controller, through the first 6.9 pay periods of Fiscal Year 1997-98, the Fire Department has already expended \$2,472,149 for overtime, or \$25,500 more than the Department's approved annual overtime budget.

The sources and uses of the pending \$2.0 million supplemental appropriation, including \$1.9 million for additional uniformed overtime expense, are as follows:

Sources

General Fund Reserve	\$ 1,500,000
Transfer of Budgeted Funds for	
Professional Services	<u>500,000</u>
Total	\$ 2,000,000

Uses

Uniformed Overtime	\$ 1,900,000
Temporary Salaries	36,000
Mandatory Fringe Benefits	39,000
Services of Other Department	
- Police	<u>25,000</u>
Total	\$ 2,000,000

The Fire Department is requesting \$36,000 for Temporary Salaries to increase staffing for monitoring of Firefighter disability cases and \$39,000 in related Mandatory Fringe Benefits.

The Fire Department also intends to workorder \$25,000 to the San Francisco Police Department (SFPD) to provide claims validation services for the Fire Department. The SFPD's Claims Validation Unit is staffed by Police Inspectors

who perform similar services involving SFPD disability cases. Such services will include activity checks to determine the validity of disability claims of selected uniformed Fire Department employees using an SFPD criteria that provides safeguards against arbitrary selection of persons on disability. The SFPD will workorder two Inspectors from its Claims Validation Unit at a cost of \$34.84 per hour (for salaries and fringe benefits) to provide these services. The total Inspector time to be provided for the proposed \$25,000 would therefore be approximately 717 hours.

The Fire Department anticipates that the high rate of spending during the first 6.9 pay periods of Fiscal Year 1997-98 will diminish and projects that overspending on overtime for the full year will exceed its previously authorized overtime budget by approximately \$3.8 million. The Fire Department estimates that it will be able to overcome the projected \$3.8 million shortfall in overtime by achieving approximately \$1.9 million in savings from other expenditure objects, such as Permanent Salaries - Uniform and Mandatory Fringe benefits, in addition to this \$1.9 million supplemental appropriation for additional overtime.

If such additional savings of \$1.9 million are not achieved and if the current rate of overtime spending continues, the projected additional budget deficiency, which would require a second supplemental appropriation, will be approximately \$4.9 million (see Comment 2).

As previously reported to the Finance Committee, the Budget Analyst notes that in order to limit the overtime budget deficiency to \$3.8 million, and avoid a second supplemental appropriation for overtime spending, the Fire Department must substantially reduce its current rate of overtime spending. Such a reduction in overtime spending will be contingent upon the success of the Fire Department's Action Plan described below.

The Fire Department has provided the Budget Analyst with its final Action Plan to Reduce Overtime Costs. The final plan can be found in the Board File. The plan addresses the following:

- A redefinition on sick leave use and disability policies and oversight;
- Increased monitoring by Fire Department physicians of the use of sick leave and disability patterns;

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- Improved information on Department policy to be submitted to disabled Firefighters' treating physicians;
- A workorder to pay the Police Department for disability verification services;
- Staffing adjustments, including hiring, vacation balancing, limitations on the use of compensatory time off and work schedules for Battalion Chiefs assigned to Equal Employment Opportunity (EEO) complaint investigations;

Specific estimates of reduced overtime expenses that will result from the steps described in the Fire Department's Action Plan to Reduce Overtime costs have not been provided to the Budget Analyst. As mentioned above, the Department expects to limit the total budgeted overtime deficit to \$3.8 million of which approximately \$1.9 million is anticipated by the Fire Department to be covered by savings from other Departmental expenditure objects, including Permanent Salaries - Uniform and Mandatory Fringe benefits, in addition to the \$1.9 million pending supplemental appropriation for overtime.

Comments:

1. The following table provides a history of budgeted overtime and actual overtime expenditures for the Fire Department since Fiscal Year 1993-94.

Fiscal Year	Revised Budget	Actual Expenditures	Surplus / (Deficit)
1993-94	\$ 1,397,326	\$ 2,475,379	(\$1,078,053)
1994-95	2,135,177	2,093,036	42,141
1995-96	2,231,088	1,971,997	259,091
1996-97	2,715,256	4,511,282	(1,796,026)

As can be seen from this table, the Fire Department significantly overexpended its overtime budget for Fiscal Year 1996-97 by approximately \$1.8 million. During the June, 1997 Budget Hearings before the Finance Committee, the Budget Analyst reported that the Fire Department was overexpending its Fiscal Year 1996-97 overtime appropriations by an estimated \$1.5 million. However, the Fire Department did not contend to the Budget Analyst that its Fiscal Year 1997-98 overtime budget was underfunded.

2. The Budget Analyst has reviewed overtime usage for Fiscal Year 1996-97 and the first 6.9 pay periods of Fiscal Year 1997-98 Fiscal Year in relation to specific absenteeism factors such as vacation, sick leave usage and disability,

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Memo to Finance Committee

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REVISED Item 2-File 101-97-231/5/97
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using data supplied by the Fire Department. According to Departmental records:

- The Fire Department averaged 28 daily overtime shifts in the Fire Suppression Division for the first 6.9 pay periods of Fiscal Year 1997-98 as compared to 9.6 in daily overtime shifts for the same period in Fiscal Year 1996-97, an increase of 18.4 overtime shifts, or 191.7 percent.
- Most of this increase can be accounted for by increased Disability Pay, which increased by 10.2 shifts daily; absences due to the use of Compensatory Time Off, increased by two shifts daily and reduced total scheduled staffing by approximately seven shifts per day on average.
- Absenteeism due to scheduled vacation and use of sick time is approximately the same for the first 6.9 pay periods of Fiscal Year 1997-98 as compared to Fiscal Year 1996-97.
- The increase in days lost due to time off for disabilities appears to have begun in the middle of Fiscal Year 1996-97 and continued through the current Fiscal Year 1997-98.
- Firefighter retirements and separations, which reduce the total number of Firefighters scheduled for suppression duty, appears to have also resulted in increased overtime for Fiscal Year 1997-98. Over the past three fiscal years, 125 Firefighters have either retired or separated from service, and 100 Firefighters have been hired. Additionally, 21 Firefighters have retired since July 1, 1997. On November 7, 1997, 36 new Firefighters will complete training and be assigned to full fire suppression duties. On December 1, 1997, a new recruit class of 36 individuals will begin a 16 week training class.

Based on these findings, the Budget Analyst concludes that if significant reductions in disability pay are achieved, if controls on the use of compensatory time off are effective and if new hiring to offset Firefighter retirements is achieved, then the \$1.9 million of additional requested overtime contained in this supplemental appropriation should be sufficient for the balance of Fiscal Year 1997-98, if an additional \$1.9 million in savings is available from the Department's existing Fiscal Year 1997-98 budgeted funds.

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- Improved information on Department policy to be submitted to disabled Firefighters' treating physicians;
- A workorder to pay the Police Department for disability verification services;
- Staffing adjustments, including hiring, vacation balancing, limitations on the use of compensatory time off and work schedules for Battalion Chiefs assigned to Equal Employment Opportunity (EEO) complaint investigations;

Specific estimates of reduced overtime expenses that will result from the steps described in the Fire Department's Action Plan to Reduce Overtime costs have not been provided to the Budget Analyst. As mentioned above, the Department expects to limit the total budgeted overtime deficit to \$3.8 million of which approximately \$1.9 million is anticipated by the Fire Department to be covered by savings from other Departmental expenditure objects, including Permanent Salaries - Uniform and Mandatory Fringe benefits, in addition to the \$1.9 million pending supplemental appropriation for overtime.

Comments:

1. The following table provides a history of budgeted overtime and actual overtime expenditures for the Fire Department since Fiscal Year 1993-94.

Fiscal Year	Revised Budget	Actual Expenditures	Surplus / (Deficit)
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1996-97	2,715,256	4,511,282	(1,796,026)

As can be seen from this table, the Fire Department significantly overexpended its overtime budget for Fiscal Year 1996-97 by approximately \$1.8 million. During the June, 1997 Budget Hearings before the Finance Committee, the Budget Analyst reported that the Fire Department was overexpending its Fiscal Year 1996-97 overtime appropriations by an estimated \$1.5 million. However, the Fire Department did not contend to the Budget Analyst that its Fiscal Year 1997-98 overtime budget was underfunded.

2. The Budget Analyst has reviewed overtime usage for Fiscal Year 1996-97 and the first 6.9 pay periods of Fiscal Year 1997-98 Fiscal Year in relation to specific absenteeism factors such as vacation, sick leave usage and disability,

using data supplied by the Fire Department. According to Departmental records:

- The Fire Department averaged 28 daily overtime shifts in the Fire Suppression Division for the first 6.9 pay periods of Fiscal Year 1997-98 as compared to 9.6 in daily overtime shifts for the same period in Fiscal Year 1996-97, an increase of 18.4 overtime shifts, or 191.7 percent.
- Most of this increase can be accounted for by increased Disability Pay, which increased by 10.2 shifts daily; absences due to the use of Compensatory Time Off, increased by two shifts daily and reduced total scheduled staffing by approximately seven shifts per day on average.
- Absenteeism due to scheduled vacation and use of sick time is approximately the same for the first 6.9 pay periods of Fiscal Year 1997-98 as compared to Fiscal Year 1996-97.
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- Firefighter retirements, which reduce the total number of Firefighters scheduled for suppression duty, appears to have also resulted in increased overtime for Fiscal Year 1997-98. Over the past two fiscal years, 125 Firefighters have retired and 100 Firefighters have been hired. Additionally, 21 Firefighters have retired since July 1, 1997. On November 7, 1997, 36 new Firefighters will complete training and be assigned to full fire suppression duties. On December 1, 1997, a new recruit class of 36 individuals will begin a 16 week training class.

Based on these findings, the Budget Analyst concludes that if significant reductions in disability pay are achieved, if controls on the use of compensatory time off are effective and if new hiring to offset Firefighter retirements is achieved, then the \$1.9 million of additional requested overtime contained in this supplemental appropriation should be sufficient for the balance of Fiscal Year 1997-98, if an additional \$1.9 million in savings is available from the Department's existing Fiscal Year 1997-98 budgeted funds.

However based on the current rate of overtime spending, the Budget Analyst projects that the Department will require an additional \$4.9 million in overtime for FY 1997-98, as shown in the table below, unless the projected \$1.9 million savings from existing Fiscal Year 1997-98 budgeted funds is achieved. If the additional \$1.9 million in savings in other accounts is achieved, then, again based on the current level of overtime expenditures, the additional overtime deficiency will be approximately \$3.0 million (\$4.9 million less \$1.9 million).

At this time it is uncertain that the Fire Department's Action Plan will result in significantly reducing overtime costs.

**Projected Fire Department 1997-98 General Fund
Overtime Expenditures ***

FY 1997-98 Budget	\$2,446,649
Actual Expenditures as of 10/3/97	(2,472,149)
Projected Expenditures from 10/4/97 through 6/30/98	<u>(6,786,302)</u>
Total Estimated FY 1997-98 Expenditures	<u>(9,258,451)</u>
Projected Budget Deficiency	(6,811,802)
Amount of this Request	<u>1,900,000</u>
Additional Amount Needed for a Second Supplemental	<u>\$(4,911,802)</u>

* Projected overtime expenditures through the remainder of the 1997-98 Fiscal Year and total estimated overtime expenditures are estimated based on the actual overtime expenditures recorded for the latest pay period for which such expenditures are available.

As noted above, based on the Fire Department's present overtime spending levels, the Department would require a second supplemental in (a) either an estimated amount of \$4,911,802 if additional existing Fiscal Year 1997-98 budgeted savings are not realized, or (b) an estimated amount of \$3.0 million if additional existing Fiscal Year 1997-98 budgeted savings are realized. If the Fire Department does succeed in reducing its current rate of overtime spending in line with their projections, then additional funds beyond the subject request of \$1.9 million for overtime will not be needed in Fiscal Year 1997-98.

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3. On June 26, 1997 the Fire Department was directed by the Finance Committee to respond to certain allegations concerning overtime and holiday pay abuses. The Fire Department's response to this directive was issued to the Finance Committee on July 25, 1997. The Finance Committee then directed the Budget Analyst to review the Fire Department's response. On August 8, 1997, the Budget Analyst sent a detailed letter asking additional questions and requesting additional information from the Chief of the Fire Department. The Budget Analyst received the Fire Department's response to the Budget Analyst's August 8, 1997 letter on Friday, October 24, 1997. In accordance with the direction of the Finance Committee, the Budget Analyst will review the Fire Department's latest response and report to the Finance Committee at its meeting of November 12, 1997.

Recommendation: Approve the proposed supplemental appropriation ordinance.

Item 3 - File 97-97-21.2

Department: Human Rights Commission (HRC)

Item: Ordinance amending Chapter 12B, Section 12B.5-1, and Chapter 12C, Section 12C.5-1 to authorize City Departmental contracting officers to waive Chapters 12B and 12C under specified circumstances subject to prior notification of such a proposed waiver to the Board of Supervisors and the Director of the Human Rights Commission (HRC) and the prior approval of the Director of the HRC; directing the Director of the HRC to monitor the use of such waivers and report to the Board of Supervisors on such use; requiring that for any contract subject to approval by the Board of Supervisors, the approving resolution would be required to contain a statement as to whether a waiver has been granted or is proposed to be granted for that contract; and authorizing the Board of Supervisors to transfer waiver authority from a department's contracting officer to the Director of the HRC by resolution.

Description: In October of 1996, the Board of Supervisors approved an ordinance amending Chapters 12B and 12C of the Administrative Code to prohibit the City from entering into contracts or other agreements with any contractor that discriminates in the provision of benefits between employees with domestic partners in comparison to the benefits provided to employees with spouses (File 97-96-33). This ordinance is known as the Equal Benefits Ordinance (EBO).

Currently, all contractors with the City and County of San Francisco must be certified by the HRC as being in compliance with the EBO. The authority to grant waivers is held only by the Board of Supervisors and the Director of the HRC. The proposed ordinance would amend Chapters 12B and 12C of the Administrative Code to grant waiver authority, under certain circumstances, to Departmental contracting officers, subject to the approval of the Director of the HRC, but without requiring approval by the Board of Supervisors. The proposed ordinance also provides for the monitoring of such waivers by the Director of the HRC. Specifically, the proposed ordinance contains the following amendments:

- Authorizes Departmental contracting officers, subject to the approval of the Director of the HRC, to waive the requirements of the EBO upon the request of the potential contractor or on the contracting officers' own initiative where there are no qualified responsive bidders or potential contractors that comply with the requirements

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of the EBO and the contract is for goods, services or projects that are essential to the City or City residents;

- Authorizes Departmental contracting officers, subject to the approval of the Director of the HRC, to waive the requirements of the EBO where the contracting officers determine that bulk purchasing arrangements, through Federal, State or regional entities which actually reduce the City's purchasing costs, would be in the best interests of the City;
- Authorizes Departmental contracting officers, subject to the approval of the Director of the HRC, to waive the requirements of the EBO where compliance would result in the City's entering into a contract with an entity that was set up, or is being used, for the purposes of evading the intent of the EBO;
- The Departmental contracting officers must give prior notice of the proposed waiver to the Director of HRC and the Clerk of the Board of Supervisors. The Clerk of the Board would be required to list the proposed waiver on the last page of the next available Board of Supervisors agenda. The Director of HRC would be required to approve or deny the proposed waiver within 30 days of receiving notice;
- Departmental contracting officers would have to report to the Director of the HRC within five days whenever such a waiver is granted;
- For any contract subject to approval by the Board of Supervisors, the approving resolution would be required to contain a statement as to whether a waiver has been granted or is proposed to be granted for that contract;
- The Director of the HRC would be required to conduct quarterly comprehensive reviews of the use of waiver authority by departments and report findings to the Board of Supervisors. Contracting officers who have exercised waiver authority in the previous quarter must appear before the Board of Supervisors and report on their use of such waiver authority. If the Board of Supervisors finds abuse of waiver authority by a department, the Board of Supervisors would be authorized to transfer the waiver authority for that department to the Director of HRC by resolution of the Board of Supervisors. Upon such a transfer of waiver authority, the Director of HRC would be authorized to exercise that

authority upon the recommendation of the contracting officers for that department.

Comments:

According to Ms. Marivic Bamba, Director of the HRC, the HRC anticipates that one additional position on a provisional basis would be required to carry out the requirements of the proposed ordinance. Ms. Bamba advises that, if the proposed ordinance is approved, the HRC would subsequently request that the Board of Supervisors approve the addition of one Class 2992 Contract Compliance Officer I at an annual salary cost of \$50,660 to \$61,596. The Budget Analyst will evaluate that request when it is submitted to the Board of Supervisors.

Recommendation:

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Items 5 and 6 - Files 170-96-12.3 and 170-97-9

Department: Mayor's Office

Items: **Item 5, File 170-96-12.3:** Resolution authorizing the issuance of City and County of San Francisco General Obligation Bonds (Educational Facilities Bonds, 1997; the "bonds") in an aggregate principal amount of not to exceed \$140,000,000 to fund improvement projects for San Francisco Unified School District and the Community College District, including the issuance of an initial series of up to \$17,000,000 (Series 1998B, for the Community College District); providing for the levy of a tax to pay the principal and interest of the bonds; providing for the appointment of depositories and other agents for the bonds; providing for the establishment of funds related to the bonds; and ratifying and approving any action heretofore taken in connection with the authorization, issuance and delivery of the bonds.

Item 6, File 170-97-9: Resolution authorizing and directing the sale of up to \$17,000,000 of City and County of San Francisco General Obligation Bonds Series 1998B, as the initial series of the Educational Facilities Bonds, 1997, to be issued on behalf of the Community College District.

Description: The proposed resolutions pertain to the issuance and sale of General Obligation bonds that have been previously approved by San Francisco voters. In June of 1997, a total of \$140,000,000 in General Obligation Bonds (Educational Facilities Bonds, 1997) was approved by the electorate to provide funding for the acquisition, construction, and/or reconstruction of educational facilities to be used by the San Francisco Unified School District (\$90 million) and the Community College District (\$50 million). Item 5, File 170-96-12.3 would establish the general terms and procedures for the issuance of the Educational Facilities Bonds, and Item 6, File 170-97-9 would provide specific approval to sell the initial series of said bonds, in an aggregate principal amount of up to \$17,000,000 (Series 1998B), to provide funding for Community College District projects.

File 170-96-12.3

In June of 1997, the electorate approved Proposition A, which provided for the issuance of up to \$140 million in General Obligation Bonds to fund \$90 million for nine projects for the SFUSD and \$50 million for six projects for the Community College District.

The proposed resolution would authorize the issuance of an aggregate principal amount of up to \$140,000,000 of Educational Facilities Bonds, 1997, for the real property improvements set forth in Proposition A. The general provisions of the issuance of the bonds are as follows:

- The bonds shall be divided into series, as authorized by the Board of Supervisors.
- An initial series of Bonds in the aggregate principal amount of up to \$17,000,000 (Series 1998B), issued on behalf of the Community College District, is created and established (see below, Item 6, File 170-97-9, for the specific provisions of said series).
- Property taxes collected to pay the annual interest on the bonds and a portion of the principal will be deposited in a special "Bond Fund" account which would be created specifically for this purpose.
- The City Treasurer may appoint fiscal agents or depositories to make bond interest payments.
- The proceeds of the sale of the bonds will be deposited into a Project Fund, maintained by the City Treasurer, and will be applied exclusively to the educational facilities projects approved by the electorate.
- The Board of Supervisors may, by resolution, authorize and direct the sale of any series of bonds to provide for the defeasance of such series of bonds.¹

File 170-97-9

The proposed resolution would authorize and direct the sale of the initial series of the General Obligation Bonds (Series 1998B) in the principal amount of up to \$17,000,000, to provide funding for the Community College District. The proposed resolution also approves the form and terms of documents and official notices related to the sale, and authorizes City officials to take various actions necessary to carry out the sale of the bonds.

The proceeds from the sale of the proposed bond funds would be used by the Community College District to fund: (1) site

¹ The defeasance provisions contained in the proposed resolution provide that the bonds can be refunded and the City's legal and financial obligations are then legally discharged. When all bonds of a series mature, the bonds are also defeased.

acquisition for the Chinatown Campus and the Mission Campus; (2) health and safety upgrades; (3) renovation projects; and (4) technology and electrical upgrades. According to Mr. Peter Goldstein of the Community College District, approximately \$10,000,000 would be used to fund site acquisition for the two campuses, and approximately \$6,000,000 would be used for the remaining projects. Attachment I, prepared by the Community College District, provides a budget for these projects.

The general provisions of the issuance of the Educational Facilities Bonds are outlined in Item 5, File 170-96-12.3, as listed above. The general provisions of the sale of the bonds, in the amount of up to \$17,000,000 (Series 1998B) for the Community College District, are as follows:

- The sale of the bonds is tentatively scheduled to be held on February 11, 1998.
- The bonds would be sold at an interest rate which would not exceed 12 percent per year and will have a final maturity of 2017, or 20 years.
- Bonds redeemed by the City after the call protection period (8 years) and prior to maturity would be subject to redemption prices incorporated in the proposed resolution.
- An official statement describing the bonds to be issued is incorporated in the proposed resolution for approval by the Board of Supervisors. The official statement would be available to all bidders for the bonds.
- Bonds will be awarded to the bidder whose bid represents the lowest true interest cost to the City, in accordance with the procedures described in the Notice of Sale.
- Bids will be received by the Clerk of the Board of Supervisors and awarded by the Finance Committee.

Comments:

1. As stated above, the annual interest rate of the initial series of bonds could not exceed 12 percent. However, Ms. Monique Moyer of the Mayor's Office reports that if the bonds are sold in February, the bonds would probably be sold with an overall effective interest rate of approximately 5.56 percent, and would have an average interest rate of 5.58 percent over the 20-year term of the bonds.

2. Regarding Item 6, File 170-97-9, approval of this legislation would authorize the sale of up to \$17,000,000 in

general obligation bonds. Ms. Moyer anticipates that the amount of \$16,300,000 will actually be issued. Ms. Moyer estimates that with a 20-year term for the bonds, and assuming an average interest rate of approximately 5.58 percent, the proposed sale of bonds in the total amount of \$16,300,000 would result in interest costs of approximately \$11,053,035 and a total debt service requirement of approximately \$27,353,035 over the life of the bonds. Over the 20-year period, this would result in an average debt service requirement of approximately \$1,377,103 per year.

3. Based on an average interest rate of 5.58 percent, the proposed bond sale in the amount of \$16,300,000 would result in an increase in the Property Tax rate of approximately .235 percent in 1998-99. At that rate, the owner of a single family residence assessed at \$400,000 would pay \$9.24 in additional property taxes annually due to the issuance of these bonds.

4. The City has a legal debt limit of 3 percent of net assessed property value, as provided in Section 9.106 of the City's Charter, and a target prudent debt limit of 2.8 percent of the City's net assessed property value. Under the legal debt limit, the City's General Obligation bonding capacity was \$1,757,867,490 as of July 1, 1997. The amount of the City's outstanding General Obligation bonds at the present time is \$844,680,000. Consequently, the City's current available General Obligation bonding capacity under the 3 percent legal debt limit is approximately \$913,187,490 (\$1,757,867,490 in bonding capacity less \$844,680,000 in outstanding bonds).

The Board of Supervisors recently approved the sale of \$20 million in Taxable General Obligation Bonds Series 1998A (File 170-97-10.1). Considering both the proposed subject Educational Facilities Bonds (\$17 million of Series 1998B Bonds for the Community College District) and the Affordable Housing Bonds (\$20 million of Series 1998A Bonds), previously approved by the Board of Supervisors, the City's bonding capacity under the legal debt limit would be reduced from \$913,187,490 to approximately \$876,187,490. However, the amount of debt that could be issued in any given year is partly a function of the level of payments on existing debt, which fluctuates as older bond issues are retired and new bonds are issued.

5. Ms. Moyer advises that the estimated cost of selling the proposed bonds, including fees for bond counsel, financial advisors, and the services of the City Attorney's Office, is

\$300,000. A supplemental appropriation for such costs will be submitted for approval to the Board of Supervisors at a later date.

6. As mentioned above, the Community College District would use \$10 million of the proposed bond proceeds to fund site acquisition for the Chinatown Campus and the Mission Campus. The Community College District currently leases space for these campuses. Mr. Goldstein advises that the two sites have been selected, and the Community College District is in the process of obtaining an environmental review for the proposed sites, pursuant to the California Environmental Quality Act (CEQA).

Mr. Goldstein further advises that if site acquisition is postponed because of delays in securing environmental clearance for the Chinatown campus and the Mission campus, the Community College District would use the \$10 million in proposed bond funds to finance additional health and safety upgrades, renovation projects, and technology/electrical upgrades. Mr. Goldstein states that such projects were authorized in the \$50 million bond issue for the Community College District. According to Ms. Moyer, Ms. Catherine Payer of the City Attorney's Office is drafting a Memorandum of Understanding (MOU) between the City and the Community College District, which will set forth the parameters for determining the use of the subject proposed bond funds. Ms. Moyer advises that the MOU would set a date at which the CEQA review must have been completed so that the proposed bond funds could be expended for either the site acquisition of the Chinatown and Mission campuses or the alternative projects, as cited above. Attachment II, prepared by the Community College District, provides a budget for the proposed bond funds if \$10 million of the bond proceeds are used to fund the projects cited above instead of site acquisition for the Chinatown and Mission campuses.

7. Approval of the proposed resolutions would authorize the issuance of up to \$140,000,000 in General Obligation Bonds and would permit the sale of up to \$17,000,000 as the initial series of said bonds (Series 1998B). However, all future expenditure appropriations of the bond proceeds for the improvement projects, including the appropriation for the bond issuance costs, would be subject to separate approval by the Mayor and the Board of Supervisors through supplemental appropriation ordinances.

Recommendation: Approve the proposed resolutions.

CITY COLLEGE OF SAN FRANCISCO
1997 PROPOSITION A BOND MEASURE

Project Category	Project Name	Campus Name	Building Name	Total Project	Sub Total/Total
Site Acquisition	Site Acquisition	Chinatown/North Beach		\$ 5,450,000	
	Site Acquisition	Mission		\$ 4,450,000	
	Site Acquisition			\$ 100,000	
					\$ 10,000,000
Health & Safety	Phelan Reservoir Signal Design	Phelan	Phelan Signals	\$ 12,000	
A&E+Admin.+Construction	Student Health Alteration	Phelan	Campus Infrast.	\$ 15,000	
	Bungalow 201-208 Re-roof SM	Phelan	Campus Infrast.	\$ 14,000	
	Temporary Facilities	Phelan		\$ 240,000	
	Reroof Conlan Hall SM	Phelan	Conlan Hall	\$ 40,000	
	Reroof John Adams SM	John Adams	Main Building	\$ 21,000	
	Reroof John Adams SM	John Adams	Gymnasium	\$ 20,000	
	Reroof Batmale SM	Phelan	Batmale	\$ 26,000	
	Electrical Rigging SM	Phelan	Rivera Theater	\$ 16,000	
	Theater Sound SM	Phelan	Rivera Theater	\$ 15,000	
	Non-OSHA Connectors SM	Phelan	Rivera Theater	\$ 97,000	
	Theater Lighting SM	Phelan	Rivera Theater	\$ 20,000	
	Science Acid Waste SM	Phelan	Science Hall	\$ 135,000	
	1960 Carroll Reroof	1960 Carroll Avenue	Campus Infrast.	\$ 20,000	
	Revolving Door	Downtown	Main Building	\$ 135,000	
	Practice Field Fence	Phelan	Campus Infrast.	\$ 66,000	
	Phelan Fire Life Safety	Phelan	All Buildings	\$ 370,000	
	John Adams Fire Life Safety	John Adams	Main Building	\$ 125,000	
	Alemany Fire Life Safety	Alemany	Main Building	\$ 65,000	
	Downtown Fire Life Safety	Downtown	Main Building	\$ 65,000	
	Phelan Reroof Cloud Hall	Phelan	Cloud Hall	\$ 160,000	
	Phelan Reroof Diego Rivera	Phelan	Diego Rivera	\$ 35,000	
	Phelan Reroof Creative Arts	Phelan	Creative Arts Ext	\$ 55,000	
	Phelan Reroof North Gym	Phelan	North Gym	\$ 25,000	
	Phelan Reroof South Gym	Phelan	South Gym	\$ 40,000	
	Phelan North Gym Misc.	Phelan	North Gym	\$ 168,000	
					\$ 2,000,000
Renovation	Temporary Facilities	Phelan		\$ 20,000	
A&E+Admin.+Construction	Temporary Facilities	Phelan		\$ 200,000	
	Science Acid Waste SM	Phelan	Science Hall	\$ 30,000	
	1960 Carroll Reroof	1960 Carroll Avenue	Campus Infrast.	\$ 19,000	
	Cloud Hall Remodel Moving CP	Phelan	Cloud Hall	\$ 28,000	
	Cloud Hall Remodel Louvers CP	Phelan	Cloud Hall	\$ 17,000	
	Lighting Retrofit	All Campuses	All Buildings	\$ 486,000	
	Tennis Courts Lighting	Phelan	North Gym	\$ 92,000	
	Tennis Courts Lighting	Phelan	South Gym	\$ 108,000	
					\$ 1,000,000
Technology/Electrical	Admission & Records	Phelan	Conlan Hall	\$ 55,000	
A&E+Admin.+Construction	Admission & Records	Phelan	Conlan Hall	\$ 55,000	
	Admission & Records	Phelan	Conlan Hall	\$ 130,000	
	Temporary Facilities	Phelan		\$ 240,000	
	Phelan Service Upgrade	Phelan	Multiple Buildings	\$ 500,000	
	John Adams Service Upgrade	John Adams		\$ 200,000	
	Downtown Service Upgrade	Downtown		\$ 100,000	
	Alemany Service Upgrade	Alemany		\$ 65,000	
	CHNB Service Upgrade	Chinatown/North Beach		\$ 30,000	
	Evans Service Upgrade	Evans		\$ 50,000	
	Southeast Service Upgrade	Southeast		\$ 60,000	
	Mission Service Upgrade	Mission		\$ 50,000	
					\$ 1,500,000
Technology/Network	John Adams WAN	John Adams		\$ 60,000	
A&E+Admin.+Construction	Alemany WAN	Alemany		\$ 45,000	
	Downtown WAN	Downtown		\$ 130,000	
	Chinatown/North Beach WAN	Chinatown/North Beach		\$ 50,000	
	Evans WAN	Evans		\$ 15,000	
	Southeast WAN	Southeast		\$ 40,000	
	Mission WAN	Mission		\$ 50,000	
	Phelan MAN	Phelan	Batmale	\$ 260,000	
	Phelan MAN	Phelan	Child Care	\$ 120,000	
	Phelan MAN	Phelan	Cloud Hall	\$ 160,000	
	Phelan MAN	Phelan	Bookstore	\$ 110,000	
	Phelan MAN	Phelan	Conlan Hall	\$ 200,000	
	Phelan MAN	Phelan	Creative Arts	\$ 110,000	
	Phelan MAN	Phelan	Creative Arts Ext	\$ 150,000	
					\$ 1,500,000
Total					\$ 16,000,000

Project Category	Project Name	Campus Name	Building Name	Total Project	Sub Total/Total
Health & Safety	Phelan Reservoir Signal Design	Phelan	Phelan Signals	\$ 12,000	
A&E+Admin.+Construction	Student Health Alteration	Phelan	Campus Infrastr.	\$ 15,000	
	Bunglow 201-208 Re-roof SM	Phelan	Campus Infrastr.	\$ 14,000	
	Temporary Facilities	Phelan		\$ 240,000	
	Reroof Conlan Hall SM	Phelan	Conlan Hall	\$ 40,000	
	Reroof John Adams SM	John Adams	Main Building	\$ 21,000	
	Reroof John Adams SM	John Adams	Gymnasium	\$ 20,000	
	Reroof Balmaine SM	Phelan	Balmale	\$ 26,000	
	Electrical Rerigging SM	Phelan	Rivera Theater	\$ 16,000	
	Theater Sound SM	Phelan	Rivera Theater	\$ 15,000	
	Non-OSHA Connectors SM	Phelan	Rivera Theater	\$ 97,000	
	Theater Lighting SM	Phelan	Rivera Theater	\$ 20,000	
	Science Acid Waste SM	Phelan	Science Hall	\$ 135,000	
	1960 Carroll Reroof	1960 Carroll Avenue	Campus Infrastr.	\$ 20,000	
	Revolving Door	Downtown	Main Building	\$ 135,000	
	Practice Field Fence	Phelan	Campus Infrastr.	\$ 66,000	
	Phelan Fire Life Safety	Phelan	All Buildings	\$ 370,000	
	John Adams Fire Life Safety	John Adams	Main Building	\$ 637,000	
	Alemany Fire Life Safety	Alemany	Main Building	\$ 175,000	
	Downtown Fire Life Safety	Downtown	Main Building	\$ 340,000	
	Phelan Reroof Cloud Hall	Phelan	Cloud Hall	\$ 160,000	
	Phelan Reroof Diego Rivera	Phelan	Diego Rivera	\$ 35,000	
	Phelan Reroof Creative Arts	Phelan	Creative Arts Ext	\$ 55,000	
	Phelan Reroof North Gym	Phelan	North Gym	\$ 25,000	
	Phelan Reroof South Gym	Phelan	South Gym	\$ 40,000	
	Phelan North Gym Misc	Phelan	North Gym	\$ 166,000	
	Phelan Campus Infrastructure	Phelan	Campus Infrastr.	\$ 776,000	
	Phelan Campus Replace Windows	Phelan	All Buildings	\$ 244,000	
	Phelan Campus Ceilings	Phelan	All Buildings	\$ 124,000	
	Phelan Campus Floors	Phelan	All Buildings	\$ 53,000	
	Phelan Campus Interior Walls	Phelan	All Buildings	\$ 82,000	
	Phelan Campus Doors	Phelan	All Buildings	\$ 27,000	
	John Adams Campus Windows	John Adams		\$ 606,000	
	John Adams Campus Ceilings	John Adams		\$ 40,000	
	John Adams Campus Floors	John Adams		\$ 104,000	
	John Adams Campus Interior Walls	John Adams		\$ 150,000	
	John Adams Campus Doors	John Adams		\$ 19,000	
	Alemany Campus Windows	Alemany		\$ 334,000	
	Alemany Campus Ceilings	Alemany		\$ 22,000	
	Alemany Campus Floors	Alemany		\$ 9,000	
	Alemany Campus Interior Walls	Alemany		\$ 3,000	
	Alemany Campus Doors	Alemany		\$ 26,000	
	John Adams Seismic Retrofit	John Adams		\$ 1,260,000	
	Alemany Seismic Retrofit	Alemany		\$ 1,100,000	
					\$ 7,876,000
Renovation	Temporary Facilities	Phelan		\$ 20,000	
A&E+Admin.+Construction	Temporary Facilities	Phelan		\$ 200,000	
	Science Acid Waste SM	Phelan	Science Hall	\$ 30,000	
	1960 Carroll Reroof	1960 Carroll Avenue	Campus Infrastr.	\$ 19,000	
	Cloud Hall Remodel Moving CP	Phelan	Cloud Hall	\$ 28,000	
	Cloud Hall Remodel Louvers CP	Phelan	Cloud Hall	\$ 17,000	
	Lighting Retrofit	All Campuses	All Buildings	\$ 466,000	
	Tennis Courts Lighting	Phelan	North Gym	\$ 92,000	
	Tennis Courts Lighting	Phelan	South Gym	\$ 108,000	
	Phelan Mechanical	Phelan	All Buildings	\$ 1,430,000	
	Phelan Electrical	Phelan	All Buildings	\$ 372,000	
	Phelan Plumbing	Phelan	All Buildings	\$ 230,000	
	Phelan Roof Repair	Phelan	All Buildings	\$ 167,000	
					\$ 3,219,000
Technology/Electrical	Admission & Records	Phelan	Conlan Hall	\$ 55,000	
A&E+Admin.+Construction	Admission & Records	Phelan	Conlan Hall	\$ 55,000	
	Admission & Records	Phelan	Conlan Hall	\$ 130,000	
	Temporary Facilities	Phelan		\$ 240,000	
	Phelan Service Upgrade	Phelan	Multiple Buildings	\$ 500,000	
	John Adams Service Upgrade	John Adams		\$ 200,000	
	Downtown Service Upgrade	Downtown		\$ 100,000	
	Alemany Service Upgrade	Alemany		\$ 65,000	
	CHNB Service Upgrade	Chinatown/North Beach		\$ 30,000	
	Evans Service Upgrade	Evans		\$ 50,000	
	Southeast Service Upgrade	Southeast		\$ 60,000	
	Mission Service Upgrade	Mission		\$ 15,000	
	Phelan Unit Distribution	Phelan	All Buildings	\$ 1,730,000	
	John Adams Unit Distribution	John Adams		\$ 175,000	
					\$ 3,405,000
Technology/Network	John Adams WAN	John Adams		\$ 60,000	
A&E+Admin.+Construction	Alemany WAN	Alemany		\$ 45,000	
	Downtown WAN	Downtown		\$ 130,000	
	Chinatown/North Beach WAN	Chinatown/North Beach		\$ 50,000	
	Evans WAN	Evans		\$ 15,000	
	Southeast WAN	Southeast		\$ 40,000	
	Mission WAN	Mission		\$ 50,000	
	Phelan MAN	Phelan	Balmale	\$ 260,000	
	Phelan MAN	Phelan	Child Care	\$ 120,000	
	Phelan MAN	Phelan	Cloud Hall	\$ 160,000	
	Phelan MAN	Phelan	Bookstore	\$ 110,000	
	Phelan MAN	Phelan	Conlan Hall	\$ 200,000	
	Phelan MAN	Phelan	Creative Arts	\$ 110,000	
	Phelan MAN	Phelan	Creative Arts Ext	\$ 150,000	
					\$ 1,800,000
Total					\$ 18,000,000

Item 7 - File 172-97-66

Department: Administrative Services
Convention and Visitors Bureau

Item: Resolution authorizing the Director of Administrative Services to enter into an operating and licensing agreement with the San Francisco Convention and Visitors Bureau for the development and operation of a San Francisco Affinity Credit Card Program.

Description: On June 30, 1995, the Board of Supervisors approved a resolution (Resolution No. 51-7-95) requesting the then Chief Administrative Officer (CAO) (presently City Administrator) to initiate a Request for Proposal (RFP) to operate a San Francisco Affinity Credit Card Program. According to the City Administrator's Office, Affinity Credit Cards are credit cards which financially benefit a cause or an organization or an affiliation by providing that the given cause, organization or affiliation receives a percentage of the sales paid for through the use of the credit cards. Potential Affinity Credit cardholders are offered the opportunity to obtain a specially designed card, at competitive interest rates, that would, through the cardholders' usage, contribute money to the cardholders' preferred cause/charity, organization or affiliation. At the same time, the design features of the card visibly show the cardholders' "affinity" for the particular cause/charity, organization or affiliation.

In response to the CAO's RFP, only one firm responded and that proposal was deemed to be non-responsive. Then on September 11, 1996, the Board of Supervisors approved an ordinance (Ordinance No. 356-96) which authorized the City Administrator to negotiate directly with the San Francisco Convention and Visitors Bureau, without competitive bidding, for the development, operation and implementation of the City's Affinity Credit Card Program.

The proposed resolution would authorize the Director of Administrative Services to enter into a three-year operating and licensing agreement with the Convention and Visitors Bureau for the development of the City's Affinity Credit Card Program. The Convention and Visitors Bureau would not directly issue the Affinity Credit Cards. Instead, the Convention and Visitor's Bureau would contract with the MBNA America Bank (see Comment No. 1), which would issue Visa credit

cards under the City's Affinity Credit Card Program. The Convention and Visitors Bureau would be responsible for managing the contract with the MBNA America Bank, as well as for designing and implementing a marketing program to encourage individuals to obtain San Francisco Affinity Credit Cards.

Under the proposed three-year agreement, the City would have the right to extend the term for up to two additional two-year periods, for a total of seven years. In accordance with the proposed agreement, the City would grant the Convention and Visitors Bureau a license to use the City Seal and certain other emblems, logos and symbols approved by the City in connection with the proposed credit card program, including for the manufacture, advertising, distribution and issuance of official San Francisco Affinity Credit Cards.

In accordance with the proposed agreement, the City, acting through the Director of Administrative Services, has the right to approve or disapprove, among other things (1) all third-party agreements (see Comment No. 2), (2) the design and appearance of the Affinity Cards and (3) the content of all advertising proposed for use in connection with the Affinity Credit Card Program. In addition, the proposed resolution would authorize the Director of Administrative Services to enter into modifications to the proposed agreement that (1) are in the best interests of the City, (2) do not materially increase the obligations or liabilities of the City and (3) are necessary and advisable to effectuate the purpose and intent of the proposed resolution.

Mr. Neal Taniguchi of the City Administrator's Office states that, under the Affinity Credit Card Program, the Convention and Visitor's Bureau would receive \$0.25 per credit card transaction. Under the proposed agreement, the City would receive 100 percent of all revenues earned by the Convention and Visitors Bureau, less the Bureau's reasonable costs of operating the credit card program, including, without limitation, approved advertising expenditures. (See Comment No. 3.) In other words, every time an individual holding a San Francisco Affinity Credit Card makes a purchase using the San Francisco Affinity Credit Card, the MBNA America Bank will remit \$0.25 to the Convention and Visitor's Bureau. The Convention and Visitor's Bureau will, in

turn, remit this revenue to the City, net of the Convention and Visitors Bureau's operating expenses.

Comments:

1. The Convention and Visitors Bureau conducted a competitive bid process through which MBNA America Bank (MBNA), together with Visa U.S.A., was selected to assist the Convention and Visitors Bureau in the design, operation and management of the City's official affinity credit card program.

2. As previously stated, the proposed resolution would authorize the Director of Administrative Services to approve or disapprove all third-party agreements related to the Affinity Credit Card Program. Mr. Taniguchi states that the only third-party agreement currently anticipated is that between the Convention and Visitors Bureau and MBNA America Bank, together with Visa U.S.A. However, Mr. Taniguchi states that the Convention and Visitors Bureau will assemble a package of benefits, such as discounts at local restaurants, that will be provided to San Francisco Affinity Credit Card holders. According to Mr. Taniguchi, it is possible that the Convention and Visitors Bureau will, in the future, enter into third-party agreements in connection with such benefits. As stated above, such third-party agreements would be subject to approval by the Director of Administrative Services, but not by the Board of Supervisors.

3. According to Mr. Taniguchi, MBNA America Bank estimates that, over the first five years of the San Francisco Affinity Credit Card Program, the City will receive total revenue of \$850,000, less the Convention and Visitors Bureau's operating costs. Mr. Taniguchi states that the MBNA America Bank did not provide the City with annual revenue estimates, although it is reasonable to assume that the \$850,000 in revenue would be distributed over the five year period such that annual revenues would increase over time, as marketing of the Program continues. He advises that the estimate assumes 100,000 San Francisco Affinity Credit Cards in active use.

Mr. Taniguchi further advises that the City Administrator's Office has not yet estimated what the Bureau's operating costs to manage the contract with MBNA America Bank and conduct marketing of the San Francisco Affinity Credit Program will be. Under the subject operating and licensing agreement between the

City and the Convention and Visitors Bureau, the City Administrator's Office would approve all Bureau operating expense items that exceed \$5,000 over the three-year life of the proposed agreement. The operating and licensing agreement states that the Bureau's reasonable operating expenses would be recoverable against revenues of the Affinity Credit Card Program.

4. The proposed operating and licensing agreement states that the subcontracting goals for the agreement are 30 percent MBE participation and 10 percent WBE participation.

5. Ms. Cynthia Goldstein of the Human Rights Commission states that the San Francisco Convention and Visitors Bureau complies with the Equal Benefits Ordinance.

Recommendation:

Approval of the proposed resolution is a policy decision for the Board of Supervisors.

Item 8 - File 213-96-3.4

Note: This item was continued at the September 17, 1997, meeting of the Finance Committee.

Department: Municipal Railway (MUNI)

Item: Hearing to consider the release of reserved funds in the amount of \$1,687,500 to purchase various pieces of equipment for the Municipal Railway.

Amount: \$1,687,500

Source of Funds:	Federal Section 9 Capital Assistance:	\$1,350,000
	Bridge Toll Net Revenues	<u>337,500</u>
	Total	\$1,687,500

Description: In April of 1996, the Board of Supervisors authorized the Public Transportation Commission to retroactively apply for, accept, and expend \$72,167,041 from Federal and State grants and \$6,947,400 from various matching sources, for a total of \$79,114,441 to fund 13 MUNI projects (File 213-96-3). Pending the submission of budget details for each of the 13 projects, \$73,345,000 of the \$79,114,441 was placed on reserve.

The Finance Committee previously authorized releases of funds in the amounts of \$1,525,000 (File 213-96-3.1), \$4,591,000 (File 213-96-3.2), and \$1,570,000 (File 213-96-3.3), for a total of \$7,686,000, to fund MUNI's office automation hardware and software needs, MUNI's direct staffing and contractual needs for continued implementation of the Americans with Disabilities Act, and to purchase 30 paratransit vans. Funding in the amount of \$65,659,000 remains on reserve.

The proposed release of reserved funds would provide \$1,687,500 in previously allocated grant funds to fund the purchase of vehicles, equipment, and office automation hardware for MUNI.

Budget: The Attachment, provided by MUNI, contains a detailed budget of for this request of \$1,687,500.

Comment: The requested equipment would be procured by the City Purchaser under the City's procurement policies, which include compliance with the Equal Benefits Ordinance.

Recommendation: Approve the release of funding in the requested amount.

08/28/97 TUE 14:34 FAX 415 554 3217

MUNI CAPITAL PROJECT

Attachment
Page 1 of 3

SAN FRANCISCO MUNICIPAL RAILWAY

1145 MARKET STREET, 5th FLOOR, SAN FRANCISCO, CA 94103
(415) 864-0703 FAX (415) 654-3217MEMORANDUM

DATE: March 24, 1997

TO: Nancy Whelan

FROM: Jerry Levine *Jerry Levine*

SUBJECT: EQUIPMENT PURCHASE RECOMMENDATIONS (REVISED)
USING AVAILABLE FUNDING OF \$1,687,500 UNDER
FTA GRANT CA-90-X674

Requests for the use of FTA funds for equipment purchases are summarized below. They may be purchased with the \$1,687,500 available in CA-90-X674:

<u>DIVISION</u>	<u>EQUIPMENT</u>	<u>COST/ # PIECES</u>	<u>TOTAL COST</u>
Director	Voice Process. System	1@ \$80,000	\$ 80,000
	Voice Mail System	1@ 60,000	60,000
	Tape backup Sys.CMS	1@ 4,000	4,000
	Full Size Sedan	1@ 20,000	20,000
	40" Sign Laminator	1@ 6,500	<u>6,500</u>
	SUBTOTAL		\$170,500
Maintenance	SEE ATTACHED LIST		\$1,198,500
FAP	Forklift	1@ \$21,000	\$21,000
	Van	1@ 22,000	22,000
	MiniVan	1@ 16,600	16,600
	Office Furniture (Chairs)	40@ 375	<u>15,000</u>
	SUBTOTAL		\$74,600
Capital Projects	Autofocus 38-120 mm Camera	5@ \$ 500	\$ 2,500
	1/2 Ton Pick-up Truck (w/equip)	1@ 20,000	20,000
	Cellular Phones (digital)	8@ 300	<u>2,400</u>
	SUBTOTAL		\$24,900

08/28/97 TUE 14:35 FAX 415 554 3217

MUNI CAPITAL PROJECT

Attachment
Page 3 of 3

<u>COST/ DIVISION</u>	<u>TOTAL EQUIPMENT</u>	<u># PIECES</u>	<u>COST</u>
Operations	1-Ton Pick-up Truck	6@ \$34,000	\$204,000
	4-Door Sedan	1@ 15,000	<u>15,000</u>
	SUBTOTAL		\$219,000
	TOTAL ALL DIVISIONS		\$1,687,500

Once you approve this revised list, I will request the BOS to release the funds, which are now on reserve.

08/20/97 TUE 14:30 FAX 415 554 3217

MUNI CAPITAL PROJECT

Attachment
Page 2 of 3

2-27-1997 4:57PM

FROM SF MUNI METRO MTN 1 415 337 2369

MUNI Maintenance Equipment List - Sort by Section

February 20, 1997

SUBJECT	Z OR Y	DESCRIPTION	PRIORITY	GROUP	Quantity	COST	INSTALL Y.N.T
06029	Z	4000LBS NARROW AISLE REACH TRUCK	1	ADMIN	2	50,000	0
06029	Y	ELECTRIC FORKLIFT-#P300	1	ADMIN	2	48,000	0
06029	Y	MINIVAN #139	1	ADMIN	1	20,000	0
		Total				\$118,000	
06029	Z	MINIVAN	1	TECH SVS	1	20,000	0
		Total				\$20,000	
06008	Y	OFFICE FURNITURE	1	AUTO	12	14,000	0
06041	Y	LATHE (BRAKE)	1	AUTO	1	37,000	0
06041	Y	FORK LIFT #065	1	AUTO	1	41,000	0
06041	Y	FORK LIFT #062	1	AUTO	1	22,000	0
06029	Y	3/4 TON TRUCK #303	1	AUTO	1	20,000	0
06029	Y	TRUCK 1 TON FLAT #601	1	AUTO	2	40,000	0
06029	Y	TRUCK (3 TON) #833	1	AUTO	1	47,000	0
06029	Y	1/2 TON TRUCK #438	1	AUTO	1	15,000	0
06029	Y	3 TON TRUCK #312	1	AUTO	1	42,000	0
06029	Y	2 1/2 TON TRUCK #022	1	AUTO	1	40,000	0
		Total				\$319,000	
06061	Y	SIGNAL CHART RECORDER EQUIP	1	CABLE	1	28,000	0
06041	Z	DRYER, COMPRESSED AIR	1	CABLE	1	6,000	0
06041	Z	IRON WORKER	1	CABLE	1	28,000	0
06041	Z	CONCRETE VIBRATOR	1	CABLE	1	1,500	0
06041	Z	LOGIC ANALYZER	1	CABLE	2	28,000	0
06041	Z	PROTOCOL ANALYZER	1	CABLE	2	34,000	0
06041	Z	STORAGE OSCILLOSCOPE & CHARGER	1	CABLE	1	3,200	0
06041	Z	PAUL SAW (18 ABRASIVE)	1	CABLE	2	7,600	0
06041	Z	SANDBLASTER	1	CABLE	1	4,200	0
06041	Z	BALLAST CARS (15 TON)	1	CABLE	2	45,000	0
06041	Y	WASHER STEAMER KEW HI PRESSURE	1	CABLE	1	6,000	0
06041	Z	PAUL DRILL (AUTO FEED)	1	CABLE	1	6,500	0
06041	Z	ROTARY HAMMER KIT	1	CABLE	2	2,000	0
06041	Z	WELDING MACHINE (TIG)	1	CABLE	1	6,000	0
06029	Y	PJ TRUCK (3/4 TON)	1	CABLE	2	35,000	0
06029	Y	TRUCK (1 TON CREW CAB 409)	1	CABLE	1	22,000	0
06029	Z	TRUCK CAB CHASSIS W/BACKPACK	1	CABLE	1	28,000	0
06029	Z	TRAILER (GENERATOR TRANSPORT)	1	CABLE	1	16,000	0
06029	Y	1 1/2 TON FLATBED TRUCK	1	CABLE	1	24,000	0
06029	Y	MINI VAN #436	1	CABLE	1	15,000	0
		Total				\$355,900	
06041	Z	LIFT TABLE	1	ELECTRICAL	1	1,500	0
06041	Z	FIBERGLASS SCAFFOLD	1	ELECTRICAL	1	1,500	0
06041	Y	ARMATURE BALANCING INSTRUMENT	1	ELECTRICAL	1	48,000	0
06041	Z	TIME-LAPSE RECORDER	1	ELECTRICAL	9	23,000	0
06041	Z	SAFE AIR SCREEN WASH	1	ELECTRICAL	1	1,500	0
06041	Y	NI-CAD BATTERY SERVICING UNIT	1	ELECTRICAL	1	14,300	Y
06041	Y	INSULATION TESTOR (MEGGER)	1	ELECTRICAL	3	2,500	0
06041	Y	OSCILLOSCOPE PORTABLE	1	ELECTRICAL	3	6,500	0
06041	Z	YARD PUSHER GT 60	1	ELECTRICAL	1	21,000	0
06041	Z	GAUSSMETER	1	ELECTRICAL	1	3,800	0
06029	Y	SHOP TRUCKS #326, #660, #838	1	ELECTRICAL	3	88,000	0
		Total				206,100	
06029	Y	1/2 TON PICKUP TRUCK #168	1	P/S	1	18,000	0
06029	Z	3/4 TON UTILITY PICKUP	1	P/S	1	19,000	0
06029	Y	1/2 TON PICKUP TRUCK	1	P/S	1	18,500	0
06029	Y	STATION WAGON #509	1	P/S	1	17,500	0
06029	Z	3/4 TON PICKUP	1	P/S	1	18,500	0
06029	Y	1 Ton Cargo Van #468	1	P/S	2	52,000	0
06029	Y	AUTO SEDAN #111	1	P/S	1	17,500	0
06029	Y	10 PASSENGER VAN #314	1	P/S	1	19,600	0
		Total				\$179,600	
		Grand Total				1198,500	

Item 9 - File 121-96-13.1

Department: Police Department

Item: Ordinance amending Sections 2.26 and 2.27 of the Police Code, which would reduce the annual tow car firm permit filing fee from \$346 to \$1, the annual tow car firm permit license fee for the first truck owned by a tow car firm from \$346 to \$1, and the annual tow car firm permit license fee for each additional tow truck owned by a tow car firm from \$138 to \$1.

Description: Prior to 1997, the Police Department was authorized to regulate tow car operators (drivers) only, not the firms for which these individuals work. In January of 1997, the Board of Supervisors approved an ordinance authorizing the Police Department to regulate tow car firms, pending the adoption of a schedule of fees to charge tow car firms to cover the costs of such regulation (File 121-96-12). In other words, the regulations did not take effect until the Board separately approved a fee schedule.

In February of 1997, the Board of Supervisors approved a separate ordinance establishing a schedule of annual fees for tow car firms (File 121-96-13) as follows: a \$346 permit filing fee would be charged to each tow car firm; a \$346 permit license fee would be charged to each firm for the first tow truck owned by that firm; and a \$138 permit license fee would be charged for each additional tow truck owned by that firm. According to Officer Farrell Suslow of the Police Department, the Police Department developed the schedule of fees based on similar fees charged to taxi cab companies to cover the costs of similar regulation.

Officer Mitchell Holohan of the Police Department advises that approximately 75 tow car firms would be regulated, each with at least one tow truck to be licensed. Officer Holohan estimates that roughly 30 additional tow trucks owned by firms with more than one truck would be licensed. As shown in the table below, the total estimated annual cost to the City of regulating tow car firms is \$56,040.

Memo to Finance Committee
November 5, 1997 Finance Committee Meeting

<u>Annual Fee</u>	<u>Estimated Annual Cost to City</u>	<u>No. of Firms/ Trucks</u>	<u>Total</u>
Permit Filing Fee	\$346	75	\$25,950
Permit License Fee			
First Truck	346	75	25,950
Permit License Fee			
Additional Trucks	138	30	4,140
Total Estimated Annual Costs			\$56,040

Subsequently, the Tow Truck Association, which represents 10 firms that are subcontractors to The City Tow, the firm with which the City contracts to tow improperly parked vehicles from public streets, brought to the attention of the City Attorney a series of legal decisions finding that local regulation of tow car firms is preempted by Federal law. According to Ms. Linda Ross of the City Attorney's Office, the Tow Truck Association threatened to sue the City if it implemented the adopted permit filing and license fees.

According to Ms. Ross, based on discussions with the Tow Truck Association, the Association does not object to local regulation of tow car firms, but does object to the fees being charged, because tow car firms already pay an annual fee to the State. Officer Joe Edwards of the California Highway Patrol reports that the State fee ranges from \$35 to \$3,290 annually, depending on the size of the tow truck fleet owned by a given firm. According to Officer Holohan, the Police Department has not yet implemented the tow car firm regulations or the fee schedule because of the on-going negotiations between the Police Department and the Tow Truck Association.

The proposed legislation would replace the previously approved fee schedule with a nominal annual \$1 permit filing fee per firm and an annual \$1 per truck per firm permit license fee. This would address the concerns of the Tow Truck Association while preserving the City's authority to regulate tow car firms, according to Ms. Ross.

The proposed ordinance would generate an estimated \$180 annually in permit filing and permit license fees, instead of the original estimated fee collections of \$56,040. However, according to Officer Holohan, the

BOARD OF SUPERVISORS
BUDGET ANALYST

original estimated cost to the City to issue tow car permit licenses included the cost of Police Department inspections of tow trucks. Officer Holohan states that the Police Department recently adopted regulations allowing the California Highway Patrol and the American Automobile Association to perform such inspections of tow trucks, the costs for which would thereby be borne by tow car firms, not the Police Department, lowering the cost of licensing tow trucks by an estimated \$7,475. Therefore, the total estimated costs of regulation to the City would be \$48,565.

Officer Holohan advises that renewal of permits and licenses will not entail the extensive investigation required for new permits and licenses. Consequently, the annual cost of regulating tow car firms will be substantially lower once the tow car firms have been initially licensed.

Officer Holohan states that the \$48,565 cost estimate includes the regulatory services of the Police Department, the Planning Department, and the Tax Collector, although he could not provide a breakdown of the specific costs for each department.

According to Officer Holohan, if the subject ordinance is approved, the costs to the Police Department of regulating tow car firms would be absorbed in the Police Department's FY 1997-98 budget. Ms. Beverly Fontaine of the Tax Collector's Office reports that, if the subject ordinance is approved, the costs to the Tax Collector's Office of regulating tow car firms would be absorbed in the Office of the Tax Collector's FY 1997-98 budget.

Mr. Robert Passmore of the Planning Department estimates that the costs to the Planning Department of regulating tow car firms would be approximately \$1,838 for the remainder of FY 1997-98, with significantly lower costs in subsequent years. If the subject ordinance is approved, Mr. Passmore states that the costs to the Planning Department of regulating tow car firms would be absorbed by the Planning Department's FY 1997-98 budget.

Comments:

1. According to Ms. Ross, the Tow Truck Association has indicated that it will not challenge the ordinance

to regulate tow car firms if the proposed amendment to the fee schedule ordinance is adopted.

2. According to Officer Holohan, regulation of tow car firms is a necessary consumer protection service that City residents currently lack. Officer Holohan states that, as a policy matter, it is important to regulate firms despite the fact that the costs will not be fully recovered through fee collections.

3. Officer Suslow advises that it is unusual but not unprecedented for the Police Department to issue permits without sufficient fee revenues to cover costs. Examples include permits issued to non-profit entities, such as Bingo parlors, and permits that have fees limited by State law.

Recommendation:

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Item 10 - File 64-97-17

Department: Mayor's Treasure Island Project Office

Item: Resolution approving and authorizing five leases between the City and County of San Francisco and the United States Navy regarding five parcels of property on Naval Station Treasure Island (the "Base") as follows: (1) the Fire Training School, (2) Hangars 2, 3, and 180; (3) the Treasure Island Marina; (4) the open space northwest of Building 1 known as the Great Lawn; and (5) the Admiral Nimitz Mansion.

Location: Naval Station Treasure Island

Purpose of Lease: Fire Training School (the complex of nine¹ buildings which comprise the Fire Training School); Film Studios (Hangars 2, 3, and 180); Marina (the Treasure Island Marina); and Special Events (the Great Lawn and the Admiral Nimitz Mansion)

Lessor: United States Navy

Lessee: City and County of San Francisco

Number of Square Feet: Approximately 796,459 square feet as follows: (a) approximately 334,105 square feet of Fire Training School space (b) approximately 138,661 square feet for Hangar 2; (c) 144,767 square feet for Hangar 3; (d) 38,740 square feet for Hangar 180; (e) approximately 7,800 square feet at the Marina consisting of 108 boat slips and an adjoining parking lot which can accommodate 54 vehicles; (f) 126,500 square feet for the Great Lawn, and (g) approximately 5,886 square feet at the Admiral Nimitz Mansion, which can accommodate approximately 50 persons at seated events and approximately 125 persons at standing events.

Lease Rate Payable by City to Navy: \$0

Common Services Charge Payable by City to Navy: The City would pay the Navy a Common Services Charge equal to \$0.05 per square foot of interior and \$0.003 per square foot of exterior space. The exact amounts of interior and exterior space have not yet been determined.

¹ According to Mr. Larry Florin of the Mayor's Treasure Island Project Office, four of the nine buildings are permanent type buildings used for administration and training. The remaining five buildings are training-aid type structures used to demonstrate and teach firefighting techniques.

Term of Lease: November 1, 1997, through October 31, 2012 (15 years)

Utilities and Maintenance: City is to pay for all utility and maintenance costs. However such costs will be paid by the City's sublessees for all subleased space.

Right of Renewal: None. The lease would automatically terminate when the City becomes the owner of the Naval Station (see Description below).

Description: Background

The Naval Station located on Treasure Island and Yerba Buena Island (together, the Naval Station Treasure Island, also called the "Base") was selected for closure by the Federal Government in 1993. Actual closure of the Naval Station occurred on September 30, 1997. The City and County of San Francisco has been designated as the Local Reuse Authority for the Naval Station.

The Naval Station is still owned by the Federal Government. However, the Mayor's Office has been engaged in negotiations with the Navy for the City to assume full ownership of the Naval Station which, according to Mr. Michael Cohen of the City Attorney's Office, is anticipated to occur within the next six to 18 months. The Board of Supervisors approved Resolution No. 672-96 in July of 1996 endorsing a draft reuse plan for the Base as the preferred alternative for purposes of initiating environmental analysis and meeting the requirements of Federal base closure laws. In November of 1996, the Board of Supervisors approved an ordinance (File 64-96-16) authorizing the Mayor to enter into leases, licenses and other agreements with the Navy regarding the Naval Base, and in turn to enter into subleases, sublicenses and other agreements with any third parties for a term of less than two years without competitive bidding, subject to Board of Supervisors approval.

The Board of Supervisors approved a Cooperative Agreement between the Navy and the City in September of 1997, providing that the City would operate and maintain the Treasure Island utility systems, and would also assume responsibility for providing public safety, grounds maintenance, and property management services. Specifically, the Cooperative Agreement states that the City will provide the following four services:

- operation and maintenance for the water, waste water, storm water, electric and gas utility systems on the Base;
- security and public health and safety services;
- grounds and street maintenance and repair;
- property management and caretaker services.

The proposed resolution would authorize the Mayor's Treasure Island Project Office, acting on behalf of the City, to lease five parcels of property located on the Base and owned by the Navy. Those parcels are as follows: (1) the Fire Training School; (2) Hangars 2, 3, and 180; (3) the Treasure Island Marina; (4) the open space northwest of Building 1 known as the Great Lawn; and (5) the Admiral Nimitz Mansion.

Comment:

As of the writing of this report, the proposed five leases between the City and the U.S. Navy have not been finalized. Therefore, Mr. Florin of the Mayor's Treasure Island Project Office, has requested that the proposed legislation be continued to the Call of the Chair.

Recommendation:

Continue the proposed resolution to the Call of the Chair, as requested by the Mayor's Treasure Island Project Office.

Item 11 - File 64-96-21.1

Department: Real Estate Department
Department of Public Health (DPH), Emergency
Medical Services Agency (EMSA)

Item: Resolution authorizing an amendment to an existing
lease for additional office space at 1540 Market Street
for the Emergency Medical Services Agency of the
Department of Public Health.

Location: 1540 Market Street, Suite 230

Purpose of Lease: Additional office space for the Department of Public
Health, Emergency Medical Services Agency

Lessor: 1540 Market Street Investment Company

Lessee: Department of Public Health, Emergency Medical
Services Agency

**No. of Sq. Ft. and
Cost Per Month:** 593 square feet at \$1.19 per square foot per month, for
a total of \$705.67 per month.

Annual Cost: \$8,468.04

Term of Lease: From the completion of tenant improvements being
made by and paid for by the Lessor, estimated to be
completed November 1, 1997, through October 31,
2001.

**Utilities and
Janitorial
Services:** The Lessor would provide for all utilities and
janitorial services for the term of the lease.

Right of Renewal: None

Source of Funds: DPH's EMSA FY 1997-98 budget.

Description: The existing lease for EMSA office space, in Suites
200, 210, 220 and 240 at 1540 Market Street, which was
renewed in December of 1996 (File 64-96-21), contains
a total of 2,748 square feet. The proposed resolution
would amend the existing lease to add Suite 230,
resulting in 593 of additional square feet, for a total of
3,341 square feet, representing a 21.6 percent

increase in space. At \$1.19 per square foot, the lease rate for the existing space and for the proposed additional space, the total annual rental cost would be \$47,709.48, an increase of \$8,468.04, or 21.6 percent, over the current \$39,241.44 annual cost.

Comments:

1. Ms. Abbie Yant of EMSA states that the additional office space is necessary to relieve overcrowded conditions in EMSA offices and to provide a study and research area for EMSA employees. Ms. Yant reports that 16 FTE's use the current space and that one new FTE is expected to begin work at the EMSA offices by November 1, 1997. Mr. Mark Forrette of EMSA reports that the new position, a 1720 Data Entry Operator, would work on the EMSA Senior Disaster Registry Program along with a recently hired 2533 Emergency Medical Services Agency Specialist, also a new position. The two new positions were authorized in the EMSA's FY 1997-98 budget, according to Ms. Yant.

The current leased space of 2,748 square feet provides approximately 172 square feet per employee for the existing 16 employees. The proposed addition of 593 square feet, for a total of 3,341 square feet, would provide 17 FTE's with approximately 197 square feet per employee. However, Ms. Claudine Venegas of the Real Estate Department reports that the EMSA office space in the 1540 Market Street building is long and narrow, reducing the actual amount of working space available.

2. Ms. Venegas advises that the proposed monthly rental rate of \$705.67 for Suite 230 represents fair market value for the rental property and that the monthly rental rate would remain unchanged throughout the four year term of the lease.

3. Ms. Yant states that EMSA anticipated the need for additional space and included sufficient funds in the EMSA FY 1997-98 budget for the proposed lease amendment.

4. Ms. Venegas reports that tenant improvements, which would be paid for by the Lessor at an estimated cost of \$2,800, include small electrical upgrades and various other improvements.

5. According to Ms. Venegas, in accordance with Article 1.5 of the San Francisco Planning Code, the Lessor submitted a letter to the Director of the Department of City Planning on March 6, 1997 requesting an exemption to the Bicycle Ordinance, which requires landlords to provide bicycle parking spaces in buildings in which space is leased by the City. The Director of the Department of City Planning may issue an exemption to the Bicycle Ordinance upon certification by the landlord that the landlord will not prohibit bicycle owners from storing bicycles within their individual offices, provided bicycles are stored in such a way that the Fire Code is not violated and that the normal business of the building is not disrupted.

The letter submitted by the Lessor, 1540 Market Street Investment Company, to the Director of Planning states that the Lessor will allow bicycle users to bring bicycles into individual offices for storage. Mr. Manito Velasco of the Department of Parking and Traffic (DPT) advises that the Lessor's letter to the Director of Planning satisfies the Lessor's Class I bicycle parking (facilities that protect the entire bicycle from theft or weather such as lockers, monitored spaces, or storage within view of the owner) as required under the Bicycle Ordinance.

Mr. Velasco reports that DPT will survey 1540 Market Street within two weeks and subsequently install two Class II bicycle parking spaces (bicycle racks which permit the locking of the bicycle frame and one wheel), should sufficient space exist adjacent to the building or on the sidewalk adjacent to the building. According to Mr. Velasco, the total cost of installing the two Class II spaces is \$300, to be paid for with State and Federal grant monies.

6. According to Ms. Frances Thomas of the Purchasing Department, the 1540 Market Street Investment Company has been certified by the Human Rights Commission as being in compliance with the Equal Benefits Ordinance.

Recommendation:

Approve the proposed resolution.

Item 12 - File 64-97-16

Department: Real Estate Department
Department of Public Health (DPH)

Item: Resolution authorizing a new lease of property at 30 Van Ness Avenue for the Department of Public Health.

Location: 30 Van Ness Avenue

Purpose of Lease: Office space for the Central City Seniors Program

Lessor: Herbst Foundation

Lessee: City and County of San Francisco

No. of Sq. Ft. and Cost Per Month: 4,153 square feet at approximately \$1.396 per square foot per month, for a total of \$5,796.83 per month.

Annual Rental Cost: \$69,562

Term of Lease: The lease shall commence upon substantial completion of tenant improvements (expected on or about December 1, 1997) and expires October 31, 2004, for a term of approximately seven years.

Utilities and Janitorial Services: The lessor would provide all utilities and janitorial services. However, the City would be responsible for paying a pro-rata share of increases in the lessor's operating expenses, utilities and common area maintenance costs, over the base year of January 1, 1998 to December 31, 1998. In addition, the City will pay for separately metered electricity costs.

Right of Renewal: Two 5-year options to renew the lease

Source of Funds: Medi-Cal and Medicare Revenues included in DPH's Fiscal Year 1997-98 budget

Description: The Central City Seniors Program is currently located at 1155 Market Street under a lease which expired June 30, 1997. The Central City Seniors Program is an outpatient mental health clinic serving senior citizens living in the Tenderloin and South of Market areas. The clinic has been in existence for over 20 years. The services provided include mental status exams, individual, group, and family therapy.

case management, consultation and education, and crisis intervention (including evaluation for involuntary hospitalization under State Welfare and Institutions Code 5150).¹

According to Mr. Charles Dunn of the Department of Real Estate, efforts to renew the lease of 3,636 square feet at the current site at 1155 Market Street were unsuccessful as the landlord of 1155 Market Street planned to increase the rental rate to \$1.75 per square foot per month, or an annual rate of \$76,356 — a rate which the Department of Real Estate did not believe represented fair market value. Mr. Dunn states that the current lease at 1155 Market Street provided for a rental rate of \$1.51 per square foot per month through June 30, 1997, when the lease expired (see Comment 2). Mr. Dunn further states that the proposed lease provides for 517 square feet of additional space (4,153 square feet proposed versus the current 3,636 square feet), but also provides for an annual rate of \$69,562, or \$6,794 less than the annual rate of \$76,356 under the proposed rental rate at 1155 Market Street mentioned above. Therefore, approval of the proposed lease at 30 Van Ness Avenue, the subject of this request, would result in reduced annual rental costs of \$6,794 in addition to providing 517 additional square feet.

Prior to commencement of the proposed lease, the landlord would be required to complete tenant improvements valued at \$241,090.89, of which the DPH would pay \$57,403.89, or approximately 24 percent, with the landlord to pay the balance of \$183,687. These tenant improvements include special plumbing for medicine dispensing and private washrooms, multiple heating, ventilation and air conditioning systems, and electrical improvements. Mr. Dunn advises that since ground floor retail leases are generally leased "as is" with the tenant paying for all tenant improvements, the Real Estate Department believes that the proposed economic terms are favorable to the City. Ms. Judy Schutzman of DPH states that funds for the tenant improvements as well as funds for the rental payments are available in Medi-Cal and Medicare revenues included in DPH's Fiscal Year 1997-98 budget.

Comments:

1. Mr. Dunn advises that as with the other City leases at 30 Van Ness, the proposed lease provides the Landlord with the right of termination to demolish the entire building, after

¹Section 5150 of the California Welfare and Institutions Code provides that individuals may be involuntarily hospitalized if they are a danger to themselves or to others.

November 1, 2001 (approximately 4 years), with 365-day advanced notice and payment of moving costs to the City.

2. Mr. Dunn advises that in accordance with the terms of the current lease at 1155 Market Street, DPH has been paying a rate of \$1.89 per square foot per month, on a month to month basis, since the current lease expired on June 30, 1997.

3. Mr. Dunn advises that the proposed rental rates represent fair market value.

4. Ms. Schutzman advises that the ground floor space provided under this lease, at a safe and easily identifiable address, is essential for effective delivery of services at the Central City Seniors Clinic.

5. Mr. Dunn advises that the proposed lease is subject to the City's execution of another lease with the landlord for the remainder of the ground floor space at 30 Van Ness for the Department of Human Services (DHS). The other lease, for the DHS GAIN Success Center, has been approved by the Board of Supervisors (File 64-96-7.1).

6. According to Ms. Cynthia Goldstein of the Human Rights Commission, the Herbst Foundation is in compliance with the Equal Benefits Ordinance.

7. Mr. Dunn advises that the lessor, Herbst Foundation, is in compliance with the landlord's obligation under the City's Bicycle Parking Ordinance.

Recommendation: Approve the proposed resolution.

Item 13 - File 65-97-13

Departments: Sheriff
Department of Real Estate

Item: Resolution authorizing a new lease on City-owned land at the San Francisco County Jail complex in San Bruno, which includes County Jail No. 3 and County Jail No. 7, to the Garden Project, without competitive bidding.

Purpose of Lease: Under the proposed resolution, 14 acres of City-owned land at the County Jail complex in San Bruno would be leased to the Garden Project, a nonprofit organization, for purposes of authorizing the Garden Project to sell produce grown on the City-owned property.

Lessor: City and County of San Francisco

Lessee: The Garden Project

Cost per Year: 14 acres at \$1.00 per year

Term of Lease: One year, from November 1, 1997 to October 31, 1998, with an unlimited number of one year extensions thereafter which may be exercised upon mutual agreement of the Garden Project, the Sheriff and the Director of Property.

Description: The Garden Project is a nonprofit organization that currently provides training in commercial gardening to approximately 117 former inmates of the County Jail complex in San Bruno on an annual basis on 14 acres of City-owned land. According to Ms. Eileen Hirst of the Sheriff's Department, the Garden Project training program operates under the authority of the Sheriff without a lease or contract. The Garden Project provides such training to former inmates at no charge to the City. This training program is part of a post-release program designed to reduce recidivism. Ms. Hirst states that the services provided by the Garden Project training program are similar to the services provided by numerous other nonprofit organizations, such as Alcoholics Anonymous, which provide valuable rehabilitation services free of charge to the County jails.

However, Ms. Hirst reports that Sheriff contracts with the Garden Project to provide one horticulture teacher for current inmates at the San Bruno jail complex. The \$30,000 cost of providing a contract horticulture teacher to provide training to current inmates is funded by the State-mandated Inmate Welfare Fund, which is made up of required contributions from vendors which have been awarded contracts to provide revenue-generating goods and services, such as commissaries or telephone services, at County jails. According to Ms. Hirst, a vendor's required contribution is negotiated on a contract by contract basis and is a fixed percentage of the gross revenues generated from the vendor's contract. Ms. Hirst reports that the total balance of the Inmate Welfare Fund is \$201,132.12 as of October 22, 1997.

According to Ms. Hirst, salaries and fringe benefits for one .33 FTE 8420 Rehabilitation Services Coordinator, the Sheriff's Department liaison with the Garden Project, and for one .4 FTE 8304 Deputy Sheriff to provide security, are included in the Sheriff's Department FY 1997-98 budget. According to Ms. Hirst, the Garden Project does not receive any direct support from the Sheriff's Department to provide training to former inmates.

Ms. Hirst reports that 10 to 15 former inmates are participants in the Garden Project training program at any given time and that an estimated 700 former inmates have participated in the training program since 1991. Ms. Hirst states that the objective of the training program in commercial gardening is to reduce recidivism and provide continuing education to former inmates after their release from incarceration.

Comments:

1. According to Ms. Hirst, produce grown on the City-owned land at the County Jail complex in San Bruno is currently donated to homeless shelters and other nonprofit organizations, consistent with requirements that City property may not be used for profit-making ventures. Ms. Hirst advises that the proposed new lease was requested by the Garden Project in order to authorize the Garden Project to sell the produce to restaurants and other purchasers.

2. According to Mr. Steve Hoppe of the Real Estate Department, without approval of the proposed lease, the Garden Project would not be allowed to sell produce grown on City-owned land at the San Bruno facility.

3. Ms. Hirst advises that the Garden Project currently relies on private donations and grants to support its an annual budget of \$220,000. According to Ms. Hirst, the estimated annual revenues to be realized by the Garden Project from the sale of produce grown on the jail property in San Bruno is \$10,000.

5. Mr. Hoppe advises that the nominal \$1.00 annual lease rate is similar to other leases between the City and non-profit organizations that serve the public's interests.

6. Ms. Cynthia Goldstein of the Human Rights Commission states that the Garden Project has been certified as being in compliance with the Equal Benefits Ordinance.

Recommendation:

Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Item 14 - File 100-97-5

Note: This item was continued by the Finance Committee at its meeting of October 29, 1997.

Department: Public Utilities Commission (PUC)
Hetch Hetchy

Item: Resolution concurring with the Public Utilities Commission's finding that Hetch Hetchy has a surplus which can be transferred to the City's General Fund.

Amount: \$45,703,273

Description: Charter Section 16.103(b)3 provides that the Public Utilities Commission, with the concurrence of two-thirds of the Board of Supervisors, may authorize the transfer of any portion of a utility's surplus funds to the General Fund upon making the following findings:

- (a) That a surplus exists or is projected to exist after meeting the requirements of this section;
- (b) That there is no unfunded operating or capital program which by its lack of funding could jeopardize health, safety, water supply or power production;
- (c) That there is no reasonably foreseeable operating contingency which cannot be funded without general fund subsidy;
- (d) That such transfer of funds in all other respects reflects prudent utility practice.

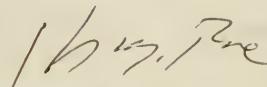
In accordance with the foregoing Charter provision, on August 26, 1997, the Public Utilities Commission adopted Resolution No. 97-0240 declaring a surplus of Hetch Hetchy funds which results in this proposed transfer of Hetch Hetchy revenues to the General Fund of \$45,703,273.

Comments: 1. The General Manager of Hetch Hetchy, Mr. Lawrence Klein, estimates that Hetch Hetchy will have an Unappropriated Fund Balance of approximately \$3,002,506 at the end of FY 1997-98, net of the proposed fund transfer. Mr. Klein stated that such a Fund Balance is adequate to provide for reasonably foreseeable non-drought related contingencies.

2. The FY 1997-98 budget, as approved by the Board of Supervisors, was based on this subject proposed transfer of Hetch Hetchy revenues to the General Fund.

Memo to Finance Committee
November 5, 1997

Recommendation: Approve the proposed resolution.



Harvey M. Rose

cc: Supervisor Leal
President Kaufman
Supervisor Brown
Supervisor Ammiano
Supervisor Bierman
Supervisor Katz
Supervisor Medina
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Supervisor Yee
Clerk of the Board
Controller
Matthew Hymel
Stephen Kawa
Ted Lakey

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**Finance Committee
Board of Supervisors
City and County of San Francisco**

NOV 06 1997

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**RESCHEDULED MEETING
NOTE: Time Change**

WEDNESDAY, NOVEMBER 12, 1997, 2:00 P.M. VETERANS BUILDING
401 VAN NESS AVENUE, ROOM 410
SAN FRANCISCO, CA 94102

MEMBERS: Supervisors Susan Leal, Barbara Kaufman, Amos Brown

CLERK: Rosemary Little-Horanzky

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Disability Access



Both the Committee Room (Room 410) and the Chamber (Room 404) are wheelchair accessible. The closest accessible BART Station is Civic Center, four blocks from the Veterans Building. Accessible MUNI lines serving this location are: #42 Downtown Loop and the #71 Haight/Noriega and the F line to Market and Van Ness and the METRO stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call 923-6142.



There is accessible parking in the vicinity of the Veterans Building adjacent to Davies Hall and the War Memorial Complex.



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- ❖ For American sign language interpreters or the use of a reader during a meeting, contact Violeta Mosuela at (415) 554-7704.
- ❖ For a large print copy of an agenda, contact Moe Vazquez at (415) 554-4909.

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FINANCE COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

RESCHEDULED MEETING
NOTE: TIME CHANGE.

WEDNESDAY, NOVEMBER 12, 1997 - 2:00 P.M. VETERANS BUILDING
401 VAN NESS AVENUE
ROOM 410

MEMBERS: SUPERVISORS SUSAN LEAL, BARBARA KAUFMAN, AMOS BROWN

CLERK: ROSEMARY LITTLE-HORANZY

1. File 101-97-24. [Fire Department Overtime] Hearing to consider why the Fire Department has expended its entire fiscal year 1997-98 budget for overtime, what steps are being taken to curb abuses of overtime and disability pay and supplemental appropriation to allow the Fire Department to continue to pay firefighters through the end of the fiscal year. (Supervisors Kaufman, Leal, Newsom)
(Continued from 10/29/97.)

ACTION:

2. File 98-97-1. [Budget Analyst Contract] Hearing to consider exercising the fourth option in the agreement with the budget analyst to extend the agreement for two years, from January 1, 1998 to December 31, 1999. (Clerk of the Board)
(Continued from 11/5/97.)

ACTION:

3. File 98-97-2. [Budget Analyst Contract] Motion authorizing execution of an agreement between the Board of Supervisors and Stanton W. Jones and Associates/ Debra A. Newman/ Rodriques, Perez, Delgado & Company Certified Public Accountants/ Harvey M. Rose Accountancy Corporation Certified Public Accountants/ Mah & Louie Certified Public Accountants, a joint venture, to provide budget analyst services January 1, 1998 to December 31, 1999, with two two-year options to extend the agreement. (Clerk of the Board on behalf of the Board)

ACTION:

4. File 65-97-14. [Lease of Property] Resolution authorizing a 40-year lease of Public Utilities Commission land between the City and County of San Francisco and Artichoke Joes, in the City of San Bruno, San Mateo County. (Public Utilities Commission)

ACTION:

5. File 64-97-17. [Treasure Island Lease] Resolution approving and authorizing a lease with the United States Navy regarding the use of the Fire Training School, Hangars 2, 3, and 180, the Treasure Island Marina and Great Lawn and the Admiral Nimitz Mansion on Naval Station Treasure Island. (Mayor) Continued from 11/5/97.)

ACTION:

6. File 242-97-1. [Grant – Federal Funds] Resolution authorizing the Commission on the Status Women to apply for a grant from the United States Department of Education Women's Educational Equity Act (WEEA) Program for a gender equity education program implementation grant in an amount not to exceed \$400,000. (Commission on the Status of Women)

ACTION:

7. File 172-97-65. [City Tow Contract] Resolution ratifying and approving a contract between Pick Your Part Auto Wrecking and the City and County of San Francisco and the First Amendment to such agreement; retroactively authorizing the Executive Director of the Department of Parking and Traffic to execute an amendment to the contract to provide one stop service and further authorizing the Executive Director of the Department of Parking and Traffic and Director of Property to execute an agreement amending said contract by granting a license to Pick Your Part Auto Wrecking for the use of certain City property necessary to provide one stop service, including a portion of the ground floor of 375-7th Street which is leased by City from the San Francisco Unified School District, a portion of the parking lot at 415-7th Street and a portion of the ground floor of the Hall of Justice Building at 850 Bryant Street, and urging the Mayor to urge the Department of Parking and Traffic to set aside and accumulate monthly fee payments for use in acquiring a permanent tow facility. (Department of Parking and Traffic)

ACTION:

8. File 47-97-4. [Parking Rate Changes, Sutter-Stockton Garage] Resolution approving the amendment of parking rates at the Sutter-Stockton Garage. (Department of Parking and Traffic)

ACTION:

9. File 199-97-2. [Jurisdictional Transfer] Resolution transferring jurisdiction from the Public Utilities Commission to the Public Transportation Commission real property on the southwest corner of Cesar Chavez and Indiana Streets, identified as Assessor's Block 4352 Lot 6, and Assessor's Block 4382 Lot 4, for a new diesel bus maintenance, storage, and operating facility; and adopting findings pursuant to Planning Code Section 101.1. (Real Estate Department)

ACTION:

10. File 12-97-27. [Bank In Lieu Tax Law] Hearing to consider urging the State Legislature to modify the State Bank In Lieu Tax Law to mandate subvention of a portion of these tax receipts to local government. (Supervisor Ammiano)

ACTION:

11. File 25-97-16. [Contract Prop. J, Facility Security Services] Resolution concurring with the Controller's certification that facility security services for the Public Transportation Commission can be practically performed by a private contractor at a lower cost than by City and County employees. (Supervisor Yaki)

ACTION:

12. File 25-97-15. [Prop J Contract, Shuttle Bus Services] Resolution concurring with the Controller's certification that the operation of San Francisco International Airport's shuttle bus service for a ten (10) year period with five (5) additional one year-options can be practically performed by a private contractor for a lower cost than similar services performed by City and County employees. (Airport Commission)

ACTION:

LEGISLATION UNDER THE 30-DAY RULE

Rule 5.40 provides that when an ordinance or resolution is introduced which would create or revise major city policy, the committee to which the legislation is assigned shall not consider the legislation until at least thirty days after the date of introduction. Now pending:

File No. 97-97-62. Employee Signature Authorization (labor representation procedures in hotel or restaurant), Ordinance, (Supervisor Katz), 30 day Rule expires 11/26/97.

Watch future calendars for scheduling of this matter.

FINANCE COMMITTEE
S.F. Board of Supervisors
Veterans Building
401 Van Ness Avenue, Room 308
San Francisco, CA 94102

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CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

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November 7, 1997

TO: Finance Committee

FROM: Budget Analyst *Recommendations for meeting of 12/12/97*

SUBJECT: November 12, 1997 Finance Committee Meeting

DOCUMENTS DEPT.

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Item 1 - File 101-97-24

Note: This item was continued by the Finance Committee at its meeting of October 29, 1997.

1 On June 26, 1997 the Fire Department was directed by the Finance Committee to respond to certain allegations concerning overtime and holiday pay abuses. The Fire Department's response to this directive was issued to the Finance Committee on July 25, 1997. The Finance Committee then directed the Budget Analyst to review the Fire Department's response. On August 8, 1997, the Budget Analyst sent a detailed letter asking additional questions and requesting additional information from the Chief of the Fire Department. The Budget Analyst received the Fire Department's response to the Budget Analyst's letter on October 24, 1997. The Budget Analyst was directed to report on its review of these materials to the Finance Committee at the Finance Committee Meeting of November 12, 1997.

2. The Budget Analyst notes that a detailed performance audit of the Fire Department's payroll controls and practices would be required to fully evaluate the issues discussed in the Fire Department's responses to the Finance Committee. Such an audit was conducted by the Controller's Audit Division in Fiscal Year 1989-90. This report by the Budget Analyst represents a limited review and not a detailed performance audit.

3. The Budget Analyst's review of the Fire Department's responses to the Finance Committee regarding Overtime and Holiday Pay is presented below by major subject area.

HOLIDAY PAY

The Budget Analyst requested information on the SFFD practice of paying all Uniform employees, Holiday Pay at the rate of time and one-half for all eleven holidays per year, whether or not such employees work on the holiday.

A partial excerpt of Fire Department's response is shown below:

The current practice in the Fire Department is that all uniform members in both suppression and non-suppression receive holiday pay at the rate of time and one-half for all eleven holidays per year, whether they work the holiday or not. This is a result of past practices and has become standard operating procedure due to long term usage and practicality within the Department. The following analysis will provide some background as to the reasoning behind the institutionalization of the method of allocating holiday pay.

The City grants all city employees eleven holidays per year. If an employee's work schedule is such that the employee is not scheduled to work on a designated holiday the employee is granted a day in lieu of the designated holiday on which he or she is scheduled to work. Thus, all employees receive equal treatment with respect to the eleven holidays a year. The MOU between the City and the Fire Fighters' Union confirms the eleven holidays.

The Budget Analyst notes that the Fire Department is the only City Department that grants additional compensation, known as Holiday Pay, at time and one-half rates of pay, whether or not such employees work on the specific holidays. Additionally, the Firefighters' MOU concerning Holiday Pay merely enumerates the 11 holidays that shall be recognized and observed and states that compensation for such holidays "shall be made on the basis of time and one-half pursuant to Charter Section 8.452". The MOU does not require that all Uniform employees of the Fire Department receive Holiday Pay if such employees do not work on the Holiday.

According to Ms. Alice Villagomez, Deputy Director of Human Resources, Charter Section 8.452, has not been interpreted correctly by the Fire Department, and Holiday Pay should only be granted, in the form of additional compensation at time and one-half or compensatory time off, at time and one-half, in lieu of additional compensation, if an employee actually works the Holiday. However, according to a City Attorney opinion, if an employee does not work the holiday, because they are not scheduled, then the employee is entitled to an in-lieu holiday at straight time. This legal interpretation assures that all City employees receive the same number of holidays annually, regardless of their work schedule. Ms. Villagomez has provided the Budget Analyst with two City Attorney opinions interpreting Charter Section 8.452 in that manner.

If the Fire Department were to grant in-lieu holidays at straight time to Uniform employees who do not work holidays instead of paying Holiday Pay at time and one-half, then additional overtime expenditures would be incurred as it would create the need for more overtime shifts in Suppression when Uniform employees take their in-lieu holidays. However, if the Fire Department were to pay Suppression Uniform employees who do not work on holidays at straight time rates instead of granting an in-lieu holiday at straight time that would in turn require overtime pay to backfill the position when the in-lieu holiday is taken, then a savings could be achieved in contrast to the current practice of paying Holiday Pay at time and time one-half to employees. Moreover, additional savings could be realized if non-Suppression Uniform employees, such as Administration staff who work five day, 40-hour shifts, were instructed not to work on holidays unless a justifiable need were demonstrated and such work was approved by top management of the Fire Department.

The recommendation to pay Suppression Uniform employees who do not work holidays at straight time rates instead of time and one-half was first made by the Controller's Audit Division in 1990 in an Audit Report on San Francisco Fire Department Payroll Controls and Practices. The recommendation to not grant Holiday Pay to non-Suppression Uniform Employees unless a justifiable need were demonstrated for working on a holiday, has been made several times by the Budget Analyst in prior years during Budget Hearings.

Recommendations:

1. The Fire Department should immediately cease the payment of Holiday Pay at time and one-half to all Uniform employees unless such employees actually work on City holidays. Instead, Holiday Pay at time and one-half should only be paid for to Suppression Uniform employees who actually work on the holiday. Compensation in-lieu of Holiday Pay for Suppression personnel who do not work on holidays should be paid at straight time.

2. Payment of Holiday Pay for non-Suppression personnel, such as Uniform Administration personnel, should not be permitted unless a clear written justification has been submitted, reviewed and approved by top management of the Fire Department, stating that it is essential for such personnel to actually work on holidays.

Implementation of these recommendations would save the City's General Fund an estimated \$1,232,000 annually and, if implemented by the Thanksgiving Holiday of 1997, would save the General Fund approximately \$780,000 for the current 1997-98 Fiscal Year.

OVERTIME CONTROLS

Management controls over overtime spending by non-Suppression units in the Fire Department, which accounted for over 25 percent of overtime spending in Fiscal Year 1996-97 have only recently been formalized, but not on a Department-wide basis. No monitoring reports on such spending are provided to top management of the Department. Guidelines provided to the Fire Department's Bureau of Personnel, which makes daily decisions on staffing that must be covered by overtime shifts in Suppression, are overly broad, and will not prove effective unless daily maximums for intermittent vacation days and "time coming" days are reduced. ("Time coming" is the term used by the Fire Department for compensatory time off). "Stress Unit" overtime cannot be independently verified, and Uniformed employees in this unit routinely claim and receive maximum overtime pay equal to 30 hours per pay period, at time and one-half, which increases their compensation by 56.25%.

Non-Suppression Units

In response to the Budget Analyst's request for documentation on overtime controls, the Fire Department presented "Overtime Policy Memos" as part of their October 24, 1997 document. These memos include a February 12, 1996 memorandum from the Chief of the Fire Department requiring pre-approval of overtime for all units except Suppression and overtime necessary for Consent Decree "obligations". Department management could not confirm to the Budget Analyst that this directive is still in force. Additional memoranda, all dated September 2, 1997, from the Deputy Chief for Administration, to five administrative bureaus and divisions, now requires written requests and approval of overtime. Other non-Suppression units under the Division of Fire Prevention and Investigation have no written policy for the control of overtime spending. Although most Fire Department overtime spending occurs in Suppression units, over \$660,000 was spent in non-Suppression in Fiscal Year 1996-97. Such spending is not monitored by Department management on a formal, centralized basis.

Suppression Units

The Budget Analyst has requested, but not received as of the writing of this report, written management guidelines or policies that govern daily decisions by the Fire Department's Bureau of Personnel which grants requests for intermittent vacation days and "time coming" days that cause the need for additional overtime shifts in Suppression units. According to the representations of Fire Department staff, the Bureau of Personnel is limited to granting a total of 20 vacation days and time coming days for each 24 hour shift on weekdays, and 15 such days on weekends. However, based on an analysis of data supplied by the Fire Department for Fiscal Year 1996-97 and Fiscal Year 1997-98 through the pay period ending October 17, 1997, such limits will not result in any decrease in overtime shifts. Over that time period, the Suppression units have averaged a total of 13 such leave days per 24 hour shift, ranging from a minimum of seven leave days per shift to a high of 18. Therefore, unless the maximum allowance of 20 vacation days and time coming days for each 24 hour shift on weekdays is reduced, there will be no decrease in overtime spending because of these factors.

Stress Unit

In February of 1996, the Fire Department's three-member "Stress Unit" employees were directed to provide written explanations of their overtime claims for each pay period. According to Department management, such overtime for each of the three employees is limited to 30 hours per pay period. Due to the Department's policy that all contacts between the Stress Unit and Fire Department employees and their families are to be confidential, it is not possible to verify any of the overtime claims by members of the Stress Unit. The Budget Analyst has reviewed the written explanations for overtime submitted by the Stress Unit. Such explanations are very general, and in most cases suggest that members are providing weekend "coverage" or are "available" by phone or pager.

According to Department management, Stress Unit members have always turned in overtime pay claims that are equal to or exceed the 30 hour per pay period maximum. This level of overtime therefore results in overtime pay equal to 56.25 percent of base pay on a full time basis (30 hours per pay period at time and one half equals the equivalent of 45 hours per 80 hour pay period in additional pay). After accounting for vacation, during which overtime pay is presumably not earned by Stress Unit members, the estimated annual cost of this level of overtime payment to the members of the Stress Unit would exceed \$85,000.

Without some policy that would permit management verification of the activities of the Stress Unit, for either on-duty time or overtime, there can be no management control over this unit.

- Recommendations:**
1. The Fire Department should implement detailed written policies and procedures for the justification and approval of overtime in non-Suppression units. Monitoring of overtime spending on a biweekly basis should be implemented with summary reports provided to the Chief of the Fire Department.
 2. Written policies and procedures should similarly be developed for the Bureau of Personnel, which grants requests for intermittent vacation days and "time coming" days that cause the need for additional overtime shifts in Suppression units. Until the present level of high overtime spending is brought under control, total combined intermittent vacation days and time coming days should not exceed 10 per 24 hour shift instead of the present maximum of 20. Such written policies and procedures should also disallow payment of overtime for Firefighters that work an overtime shift and then take a vacation day, time coming day or sick day during the same biweekly pay period that they worked the overtime shift.

UPDATED ANALYSIS OF FISCAL YEAR 1997-98 OVERTIME SPENDING

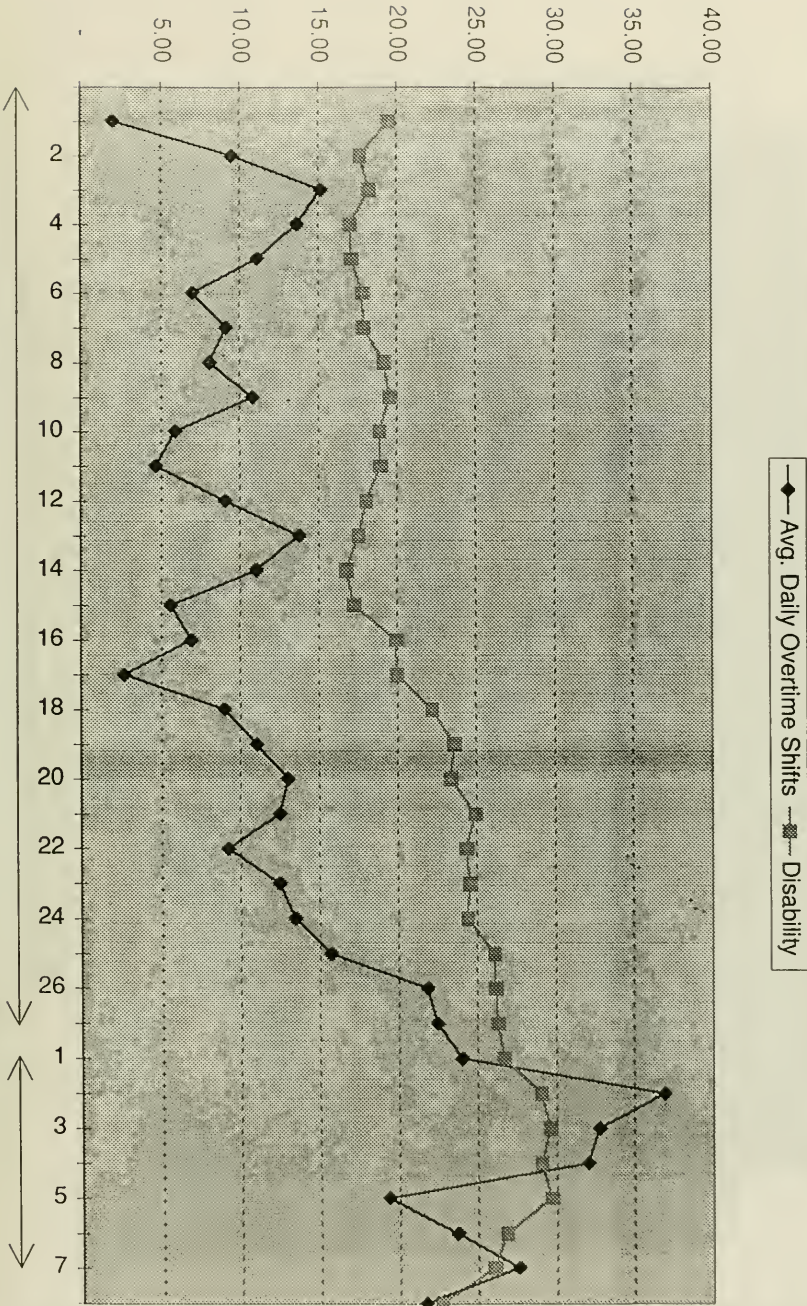
The Budget Analyst has reviewed overtime usage for Fiscal Year 1996-97 and the first 6.9 pay periods of Fiscal Year 1997-98 Fiscal Year in relation to specific absenteeism factors such as vacation, sick leave usage and disability, using data supplied by the Fire Department. According to Departmental records:

- The Fire Department averaged 28 daily overtime shifts in the Fire Suppression Division for the first 6.9 pay periods of Fiscal Year 1997-98 as compared to 9.6 in daily overtime shifts for the same period in Fiscal Year 1996-97, an increase of 18.4 overtime shifts, or 191.7 percent.
- Most of this increase can be accounted for by increased Disability Pay, which increased by 10.2 shifts daily; absences due to the use of Compensatory Time Off, increased by two shifts daily and reduced total scheduled staffing by approximately seven shifts per day on average.
- Absenteeism due to scheduled vacation and use of sick time is approximately the same for the first 6.9 pay periods of Fiscal Year 1997-98 as compared to Fiscal Year 1996-97.
- The increase in days lost due to time off for disabilities appears to have begun in the middle of Fiscal Year 1996-97 and continued through the current Fiscal Year 1997-98.
- Firefighter retirements and separations, which reduce the total number of Firefighters scheduled for Suppression duty, appears to have also resulted in increased overtime for Fiscal Year 1997-98. Over the past three fiscal years, 125 Firefighters have retired or separated from the Department and 100 Firefighters have been hired. Additionally, 21 Firefighters have retired since July 1, 1997.

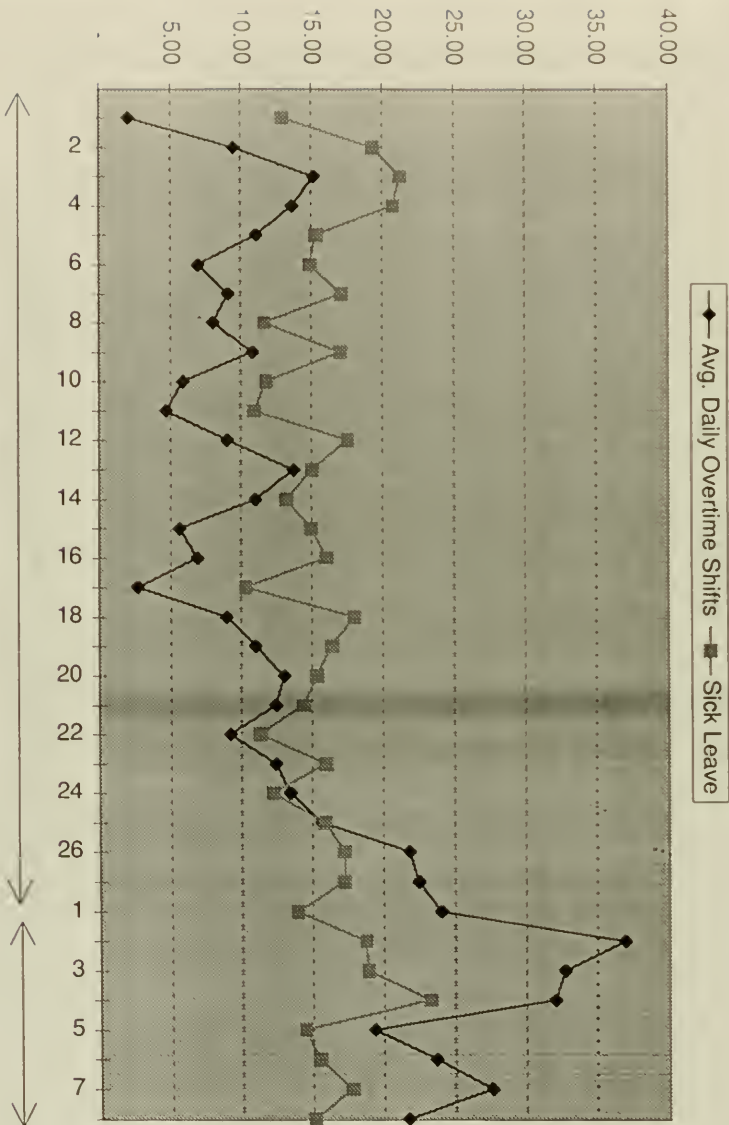
The attachment to this report provides three graphs showing the relationships between overtime shifts, disability days, sick days and vacation days for Fiscal Year 1996-97 and Fiscal Year 1997-98 through October 17, 1997. These graphs illustrate the continuing level of high overtime spending, which began in the last quarter of Fiscal Year 1996-97 and the key factors that contribute to such overtime spending.

Since our previous report to the Finance Committee, the Budget Analyst has received expenditure data, overtime shift data and absenteeism data for one additional pay period, through October 17, 1997. This latest pay period data shows a decrease in overtime spending, due primarily to a reduction in disability days to an average of 22.64 disability days per day from 26 disability days per day in the prior pay period. Despite this small reduction in overtime for the last pay period, the Fire Department continues to spend overtime dollars at a rate that would require a second supplemental appropriation during Fiscal Year 1997-98.

Average Daily Overtime Shifts vs. Disability Pay Days by Pay Period
Fiscal Year 1996-97 and Year to Date Fiscal Year 1997-98



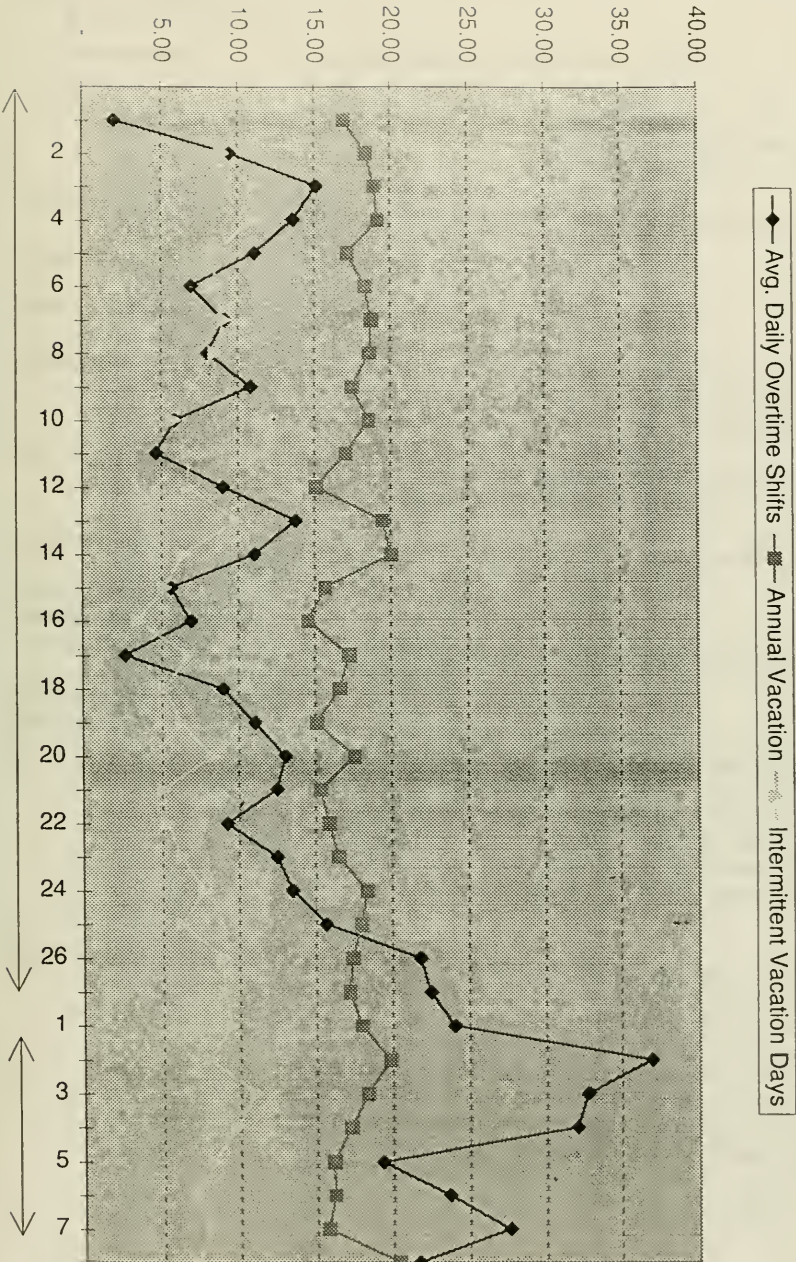
Average Daily Overtime Shifts vs. Sick Pay Days by Pay Period
Fiscal Year 1996-97 and Year to Date Fiscal Year 1997-98



Fiscal Year 1996-97

Fiscal Year 1997-98

**Average Daily Overtime Shifts vs. Annual Vacation Days and Intermittent Vacation Days
by Pay Period**
Fiscal Year 1996-97 and Year to Date Fiscal Year 1997-98



Item 4 - File 65-97-14

Department: Public Utilities Commission (PUC)

Item: Resolution authorizing a 40-year lease of PUC-owned land between the City and County of San Francisco and Artichoke Joes in the City of San Bruno.

Lessor: City of San Francisco, through the PUC

Lessee: Artichoke Joes

Size of Property: Approximately 67,000 square feet

Location: Adjacent to Huntington Avenue and Southern Pacific Railway tracks at the cross street of San Mateo Avenue in downtown San Bruno, in San Mateo County.

Term of Lease: From 30 days after approval by the Board of Supervisors and the Mayor through 2037 (40 years)

Purpose of Lease: Parking (approximately 275 spaces) and landscaping

Lease Revenues Payable by Artichoke Joes to the City: Initially \$12,500 per month or \$150,000 annually

Adjustment of Lease Revenues: Fifth anniversary of commencement date of lease and every five years thereafter in accordance with a Consumer Price Index (CPI) adjustment specified in the proposed lease, which cannot be less than two percent nor more than six percent annually. In addition, there are additional potential lease increases due to BART construction concessions and reappraisal options for the City.

Description: The proposed resolution would authorize a 40-year lease of approximately 67,000 square feet of City-owned land for use by Artichoke Joes, a gaming establishment. According to Mr. Bruce Lymburn of Wendal, Rosen, Black and Dean, L.L.P., a private law firm hired by the Public Utilities Commission to negotiate the proposed lease agreement for the City, the proposed City property was a former Municipal Railway (Muni) right-of-way. Mr. Lymburn reports that Muni used to operate streetcars from the City down the Peninsula.

In 1962, the City entered into a month-to-month agreement with the City of San Bruno for the use of this Muni abandoned right-of-way property, according to Mr. Lymburn. Mr. Lymburn further reports that the City of San Bruno, in turn, sublet this City of San Francisco property to Artichoke Joes for use as a parking lot for approximately 275 vehicles on a month-to-month basis. This month-to-month lease and sublease extended for approximately 34 years from 1962 until the summer of 1996.

As of August of 1996, the City terminated the month-to-month agreement with the City of San Bruno and entered into a month-to-month agreement directly with Artichoke Joes for use of the property for continued parking purposes. The current month-to-month lease with Artichoke Joes was not subject to the approval of the Board of Supervisors because the term was not anticipated to extend beyond ten years.

When the City terminated the lease with the City of San Bruno in August of 1996, the City of San Bruno was paying the City of San Francisco \$640 per month or \$7,680 annually for lease of this property. According to Mr. Lymburn, the City of San Bruno was previously subletting the City of San Francisco's property for the same lease terms to Artichoke Joes. Under the current month-to-month lease agreement between the City and Artichoke Joes, the City is receiving \$12,500 per month or \$150,000 annually, an increase of \$11,860 per month or \$142,320 annually, as compared with the previous lease arrangements.

Comments:

1. Section 2.110 of the City's Charter requires that the proposed lease of real property, which will extend more than ten years be subject to approval by the Board of Supervisors. If the proposed 40-year lease is approved, the proposed lease will supersede the existing month-to-month lease between the City and Artichoke Joes.

2. The Budget Analyst's Office has requested that the PUC provide additional background and financial information on the proposed resolution. In response to this request for additional information, Mr. Gary Dowd of the PUC has requested a one-week continuance of the proposed resolution.

Memo to Finance Committee
November 12, 1997 Finance Committee Meeting

Recommendation: Continue the proposed resolution to the November 19, 1997 Finance Committee meeting, as requested by the PUC.

Item 5 - File 64-97-17

Note: This item was continued by the Finance Committee at its meeting of November 5, 1997.

Department: Mayor's Treasure Island Project Office

Item: Resolution approving and authorizing five leases between the City and County of San Francisco and the United States Navy regarding five parcels of property on Naval Station Treasure Island (the "Base") as follows: (1) the Fire Training School, (2) Hangars 2, 3, and 180; (3) the Treasure Island Marina; (4) the open space northwest of Building 1 known as the Great Lawn; and (5) the Admiral Nimitz Mansion.

Location: Naval Station Treasure Island

Purpose of Lease: Fire Training School (the complex of nine¹ buildings which comprise the Fire Training School); Film Studios (Hangars 2, 3, and 180); Marina (the Treasure Island Marina); and Special Events (the Great Lawn and the Admiral Nimitz Mansion)

Lessor: United States Navy

Lessee: City and County of San Francisco

Number of Square Feet: Approximately 796,459 square feet as follows: (a) approximately 334,105 square feet of Fire Training School space (b) approximately 138,661 square feet for Hangar 2; (c) 144,767 square feet for Hangar 3; (d) 38,740 square feet for Hangar 180; (e) approximately 7,800 square feet at the Marina consisting of 108 boat slips and an adjoining parking lot which can accommodate 54 vehicles; (f) 126,500 square feet for the Great Lawn, and (g) approximately 5,886 square feet at the Admiral Nimitz Mansion, which can accommodate approximately 50 persons at seated events and approximately 125 persons at standing events.

Lease Rate Payable by City to Navy: \$0

¹ According to Mr. Larry Florin of the Mayor's Treasure Island Project Office, four of the nine buildings are permanent type buildings used for administration and training. The remaining five buildings are training-aid type structures used to demonstrate and teach firefighting techniques.

**Common Services
Charge Payable
by City to Navy:**

The City would pay the Navy a Common Services Charge equal to \$0.05 per square foot of interior and \$0.003 per square foot of exterior space that is used by the City or subleased by the City. Attachment I to this report, provided by the Mayor's Treasure Island Project Office, contains the exact amount each lease would be assessed for the Common Services Charge. The individual monthly Common Service Charges range from \$21 for the Marina to \$16,000 for Hangars 2, 3, and 180. The total monthly cost for the Common Services Charge would be \$19,295, or \$231,540 annually, payable by the City to the Navy.

Term of Leases: November 1, 1997, up to October 31, 2012 (up to 15 years)

Utilities and Maintenance: City is to pay for all utility and maintenance costs. However such costs will be paid by the City's sublessees for all subleased space.

Right of Renewal: None. The lease would automatically terminate when the City becomes the owner of the Naval Station (see Description below).

Description: Background

The Naval Station located on Treasure Island and Yerba Buena Island (together, the Naval Station Treasure Island, also called the "Base") was selected for closure by the Federal Government in 1993. Actual closure of the Naval Station occurred on September 30, 1997. The City and County of San Francisco has been designated as the Local Reuse Authority for the Naval Station.

The Naval Station is still owned by the Federal Government. However, the Mayor's Office has been engaged in negotiations with the Navy for the City to assume full ownership of the Naval Station which, according to Mr. Michael Cohen of the City Attorney's Office, is anticipated to occur within the next six to 18 months. The Board of Supervisors approved Resolution No. 672-96 in July of 1996 endorsing a draft reuse plan for the Base as the preferred alternative for purposes of initiating environmental analysis and meeting the requirements of Federal base closure laws. In November of 1996, the Board of Supervisors approved an ordinance (File 64-96-16) authorizing the Mayor to enter into leases, licenses and other agreements with the Navy regarding the Naval Base, and in turn to enter into

subleases, sublicenses and other agreements with any third parties for a term of less than two years without competitive bidding, subject to Board of Supervisors approval.

The Board of Supervisors approved a Cooperative Agreement between the Navy and the City in September of 1997, providing that the City would operate and maintain the Treasure Island utility systems, and would also assume responsibility for providing public safety, grounds maintenance, and property management services. Specifically, the Cooperative Agreement states that the City will provide the following four services:

- operation and maintenance for the water, waste water, storm water, electric and gas utility systems on the Base;
- security and public health and safety services;
- grounds and street maintenance and repair;
- property management and caretaker services.

The proposed resolution would authorize the Mayor's Treasure Island Project Office, acting on behalf of the City, to lease five parcels of property located on the Base and owned by the Navy. Those parcels are as follows: (1) the Fire Training School; (2) Hangars 2, 3, and 180; (3) the Treasure Island Marina; (4) the open space northwest of Building 1 known as the Great Lawn; and (5) the Admiral Nimitz Mansion.

Attachment II to this report, provided by Mr. Michael Cohen, Deputy City Attorney, provides background information on the terms and conditions of the proposed leases. Each of the five leases contains the following provisions:

1. The term of the lease is up to 15 years;
2. The City does not pay rent to the Navy. However, in consideration for no rent being charged to the City, the City is required to actively market the parcels in order to obtain revenue producing sublessees and to provide security and maintenance services. According to Mr. Cohen, the Navy wants the City to obtain sublessees because the revenues generated from such subleases, in excess of the City's costs for property management services, will be used for the capital improvements to be made by the City at the Naval Base.

3. As previously noted, the City would pay the Navy a Common Services Charge equal to \$0.05 per square foot of interior space and \$0.003 per square foot of exterior space for space used by the City or subleased by the City. As stated in the leases, the Common Services Charge is to reimburse the Navy for the Navy's costs related to: (1) fire protection; (2) general perimeter security; (3) maintenance and repair of roads, streets, sidewalks, curbs and gutters; (4) pest control; and (5) general administration of these services until the City assumes ownership of the Base. Mr. Florin has stated that, except for the Fire Training School, the Mayor's Treasure Island Project Office intends to recover its Common Services Charge costs related to the other four parcels from the City's sublessees or sublicensees.
4. Subject to annual appropriation approval by the Board of Supervisors, the City is required to allocate all net revenues for property management services including marketing, maintenance, and security services, and for capital improvements (See Comment No. 1). That provision is covered in Section 3.1.1 of the leases, as follows:

"As additional consideration, subject to annual appropriations by Lessee's Board of Supervisors, Lessee shall apply any Revenue (as defined herein) received from subleasing the Premises as follows: first, to reimburse itself for marketing and property management expenses incurred by Lessee; and second, for expenses incurred by Lessee for improvements to the Installation. If sufficient funds for the purposes described in the Section 3.1.1 are not appropriated for any reason in any fiscal year of Lessee after the fiscal year in which the Term of this Lease commences, then Government may terminate this Lease, without liability, upon thirty (30) calendar days written notice."

"Revenue as referred to herein means rental income and any other miscellaneous income derived from the subletting of the Leased Premises less (i) sales tax, use and occupancy tax, franchise tax and any other taxes, building fees, planning fees and inspection fees related to the use and occupancy of the Leased Premises, and (ii) Lessee's cost of operating, maintaining, protecting and repairing the Leased Premises including, without limitation, any Common

Services Charges paid to Government pursuant to this Section 3.1.”

Comments:

1. With respect to the capital improvements to be made at the Naval Base by the City, the subject leases do not obligate the City to initiate any capital improvements in excess of the City’s “net revenues”. If the City’s revenues are sufficient to only cover the City’s property management expenses, then the City is not required to make capital improvements. Attachment III to this report includes a Summary of Improvement Costs and Funding Sources. The Summary includes a list of the capital improvements which the City anticipates completing between now and the year 2031. Mr. Florin has stated that the priority for making capital improvements at the Base would be in accordance with the improvements listed in Attachment III. As noted in Attachment III, the estimated cost to the City of these capital improvements is \$263.5 million. However, Attachment III also shows that the City’s projected revenues are \$225.6 million after deducting operating costs, resulting in a projected deficit of \$37.9 million. According to Mr. Florin, the projected deficit of \$37.9 million will be eliminated by the City making only on those capital improvements for which it has sufficient funding.

2. Mr. Cohen has stated that the terms and conditions of the proposed leases are “substantially more favorable to the City than the terms and conditions of the Licenses pursuant to which the City currently occupies or utilizes the premises which are the subject of this proposed Resolution.” Mr. Cohen has stated that the specific reasons why the terms and conditions are more favorable to the City over the existing Licenses under which the City presently operates on the Naval Base are as follows:

a. A longer term – As previously noted, the term of the five leases is for up to 15 years, which assists in obtaining sublessees.

b. City retains all subleasing revenues – Under the existing Licenses, the Navy retains 50 percent of rental revenues. Under the proposed leases, the City would retain 100 percent of rental revenues.

c. The indemnity provisions are more favorable to the City.

3. As previously noted, Naval Station Treasure Island is still owned by the Navy. When the City and County assume full ownership of the Naval Station, estimated to occur in the next six to 18 months according to Mr. Cohen, the subject proposed leases would become null and void, and the City would assume full responsibility for the operation of the Naval Station. Mr. Cohen states that the reason that the term of the leases is for up to 15 years, even though it is anticipated that the City will assume full ownership within six to 18 months, is because a long term sublease is needed to provide assurance to certain prospective tenants, and their lenders, that their leases will be of a sufficient term to recover the costs of significant capital improvements.

4. Attachment IV, provided by Mr. Florin, contains information on each of the five subject parcels, including the planned use, public access, and sublease charges, if applicable.

5. The total initial estimated annual lease revenues to the City for the subject five parcels are \$1,147,000, as shown in Attachment I. However, Attachment III shows revenues to the City from facility leases of \$13.7 million over a five year period, or an average of approximately \$2.7 million per year. Mr. Florin has stated that the projection of revenues amounting to \$13.7 million over a five-year period is based on additional facilities being leased by the after City the City assumes ownership of the Naval Base.

6. Regarding public access of the facilities to be leased by the City at Naval Base Treasure Island under the five proposed leases, as shown in Attachment IV, Mr. Florin has stated the following:

Fire Training School: "Access is limited to San Francisco Fire Department personnel and trainees."

Hangars 2, 3, and 180: "When in use, public access is available."

Treasure Island Marina: "Access is limited to those working on the Marina, slip holders and their guests."

The Great Lawn: "When in use, public access is available."

Admiral Nimitz Mansion: "When in use, public access is available."

Memo to Finance Committee
November 12, 1997 Finance Committee Meeting

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

NOV 05 '97 10:42 FR CTY & CNTY TRSE ISLND415 274 0299 TO 93991064

P.01/03

OFFICE OF THE MAYOR
SAN FRANCISCO



WILLIE LEWIS BROWN, JR.

TREASURE ISLAND PROJECT
410 PALM AVENUE
BUILDING 1, ROOM 237
TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660
FAX (415) 274-0289

LARRY FLORIN, DIRECTOR
WENDY LINKA, DIRECTOR OF MARKETING
CHRISTINE TEJADA, DIRECTOR OF DEVELOPMENT

November 4, 1997

TO: Stan Jones
FROM: Larry Florin
SUBJ: Treasure Island Leases

The following are the responses to the questions that you raised regarding the Treasure Island leases:

1. Estimated revenues for the 5 leases:

Lease 1 Fire Training School - public facilities that is not expected to generate revenue for the TI project office

Lease 2 (Buildings 180, 2 and 3) - These buildings have been leased for film production at the monthly rates listed below:

180 - \$15,000

#2 - \$16,000

#3 - \$40,000

(Annualized \$852,000)

Lease 3 Marina - \$120,000 (estimated at \$4 per foot/100 slips/average 25' vessel)

Lease 4 Great Lawn - \$100,000 (20 events at \$5,000 per event)

Lease 5 Admiral Nimitz Mansion - \$75,000 (50 events at \$1500 per event)

2. Can't Charges -

Lease 1 Fire Training School - \$2600/month (300,000 outdoor/34,000 indoor)

Lease 2 Buildings 180, 2 and 3 - \$16,000 per month (322,168/.05 per sq. foot)

Lease 3 Marina - \$21 per month (7000 sq. ft at .003 per sq. ft)

Lease 4 Great Lawn - \$380 per month (126,500 sq. ft at .05 per sq. ft)

Lease 5 Nimitz Mansion \$294 per month (5,886/.05 per sq. ft)

* Common Services Charge

RECYCLED PAPER

City and County of San Francisco

Office of the City Attorney

LOUISE H. RENNE
City AttorneyMICHAEL S. COHEN
Deputy City Attorney
DIRECT DIAL: (415) 554-3911

MEMORANDUM

TO: Stan Jones cc: Larry Florin
Budget Analyst's Office

FROM: Michael S. Cohen
Deputy City Attorney

DATE: October 31, 1997

RE: TREASURE ISLAND LEASES WITH THE NAVY

Pursuant to your request, this memorandum provides certain background information regarding the proposed resolution (the "Resolution") seeking authorization for the City to enter into five leases with the Navy for the use of certain property on Naval Station Treasure Island (the "Base" or "Treasure Island").

As you know, the Navy owns the Base. Thus, the City cannot utilize portions of Treasure Island to further its conversion to productive civilian reuse without the Navy's consent. Prior to operational closure of the Base on October 1, 1997, the Navy has allowed the City to use limited portions of the Base pursuant to short-term leases or revocable licensees (together, "Licenses"). Currently, the City operates the Fire-Training School, the Nimitz Mansion, the film-production hangars and a few other parcels through one form of License or another.

However, Navy policy greatly restricts the use of Licenses after operation closure. Instead, the Navy has a standard form lease for the use of property in furtherance of more substantial base conversion efforts. Unfortunately, many of the provisions in the Navy's standard lease form were quite onerous to the City. As a result, the City and local Navy personnel negotiated a mutually-acceptable lease form for Treasure Island which included certain deviations from the Navy's standard form (the "Model Lease"). After many months, this Model Lease was recently approved by the Secretary of the Navy's Office in Washington.

City and County of San Francisco Office of the City Attorney

Memorandum
Privileged & Confidential

To: Stan Jones
Page 2

It is our opinion that terms and conditions of the Model Lease are substantially more favorable to the City than the terms and conditions of the Licenses pursuant to which the City currently occupies or utilizes the premises which are the subject of the Resolution.

Among other things, the indemnity provisions under the Model Lease are significantly more favorable to the City. The City's maintenance and repair obligations are also more precisely defined. Most importantly, under Navy regulations, the Navy must retain 50% of all revenues generated pursuant to a License. Under these longer-term leases based on the Model Lease form, the City can retain 100% of revenue, subject to certain conditions described below.

The Model Lease was submitted into the Board file with this legislation. Although it happens to refer to the fire-training school premises, the Model Leases form would also be used for the four other parcels referenced in the Resolution: the hangars known as Buildings 2, 3 and 180, the Treasure Island Marina, the open space north-west of Building 1 known as the Great Lawn, and the Admiral Nimitz Mansion located on Yerba Buena Island.

Among other things, all of these leases provide that the term of the City's occupancy can be for up-to fifteen (15) years. Also, these leases provide that the City will not be required to pay rent to the Navy. Instead, the City will be required to actively market the Base, provide protection and maintenance services to the premises, and pay the Navy a Common Services Charge equal to \$0.050 Cents per square foot of interior space and \$0.003 per square foot of exterior space, per month. Finally, all of the leases provide that, as additional consideration, the City is required to apply certain net revenues generated from the use or sublease of the premises for property management services on the Base or for improvements to the Base, subject to Board of Supervisors appropriations. If the Board elects not to appropriate such net revenues for property management services or improvements to the Base, the Navy has the right to terminate any such lease.

I hope this summary is helpful. As always, please feel free to call with any questions or comments.

Table 14
Summary of Improvement Costs and Funding Sources

	Phase 1 1997-2001	Phase 2 2002-2006	Phase 3 2007-2011	Phase 4 2012-2021	Phase 5 2022-2031	Total
IMPROVEMENT COSTS						
Building Demolition	\$6.2	\$2.9	\$0.9	\$6.4	\$19.1	\$35.4
Shoreline Stabilization	0.0	18.9	5.3	14.2	33.9	72.3
Ferry Improvement	0.0	4.4	16.3	0.0	0.0	20.6
Roadway	0.0	9.1	5.0	7.7	11.3	33.0
Electricity	0.0	0.6	0.5	0.8	0.3	2.2
Telecommunications	0.0	2.6	0.0	0.0	0.0	2.6
Sewer Facility	0.0	0.4	5.6	2.7	1.7	10.4
Water Facility	1.3	1.1	2.1	2.6	2.0	9.0
Natural Gas	0.0	1.5	0.7	0.8	0.5	3.5
Storm Drainage	0.0	0.0	0.8	1.1	2.3	4.1
System Upgrades	7.6	13.6	12.5	11.5	14.2	59.4
Public Facilities	0.3	2.7	3.8	3.8	0.3	10.9
Total Improvement Costs	\$15.4	\$57.8	\$53.4	\$51.4	\$85.5	\$263.5
PROJECT-BASED REVENUES						
Land Leases (prepaid)	\$0.0	\$12.0	\$9.0	\$17.9	\$66.5	\$105.4
Facility Leases	13.7	13.7	13.7	26.1	26.1	93.2
Subtotal	\$13.7	\$25.7	\$22.7	\$43.9	\$92.6	\$198.6
Less Operating Costs	(10.1)	(9.4)	(7.5)	(8.9)	(12.6)	(48.5)
Net Lease Revenues	\$3.6	\$16.3	\$15.2	\$35.0	\$80.0	\$150.1
Tax Increment Debt Proceeds ¹	\$1.1	\$5.7	\$6.5	\$14.9	\$27.6	\$55.8
Admissions Tax Debt Proceeds ²	0.0	3.9	7.9	7.9	0.0	19.7
Total Project-Based Revenues	\$4.7	\$25.9	\$29.6	\$57.8	\$107.6	\$225.6
Project Deficit	(\$10.7)	(\$31.9)	(\$23.8)	\$6.4	\$22.1	(\$37.9)
Cumulative Project Deficit	(\$10.7)	(\$42.6)	(\$66.4)	(\$60.0)	(\$37.9)	

Notes:

Figures are in millions of 1996 dollars. Sum of the numbers may not match totals due to rounding. All figures are planning-level estimates only, subject to review and revision during the implementation process.

¹ Property tax increment less 40% affordable housing set-aside and pass throughs.

² Assumed \$1 ticket surcharge.

³ Coast Guard share based on 32 acres out of 403, or 8% of cost for utilities and public facilities.

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P.02/03

OFFICE OF THE MAYOR
SAN FRANCISCO

WILLIE LEWIS BROWN, JR.

TREASURE ISLAND PROJECT
410 PALM AVENUE
BUILDING 1, ROOM 237
TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0860
FAX (415) 274-0299LARRY FLORIN, DIRECTOR
WENDY LINKA, DIRECTOR OF MARKETING
CHRISTINE TEJADA, DIRECTOR OF DEVELOPMENT

Date: November 4, 1997

To: Harvey Rose
Budget Analyst

From: Larry Florin

Re: File # 64-97-17

1. Fire Training School

The San Francisco Fire Department Regional Live Fire Training Center is situated on 800,604 square feet of both open space and buildings, along the northeast shoreline of Treasure Island. Buildings include four 60 person classrooms, office space to accommodate 12 to 20 staff members and complimentary rest rooms, showers and changing facilities for both male and female. Computer controlled electromechanical systems simulate fire and rescue evolutions. This state of the art, environmentally certified facility, uses clean burning propane as a fuel source for all live fire burn evolutions.

Access is limited to San Francisco Fire Department personnel and individuals who are going through training.

2. Hangers 2, 3, and 180

Hangar 2 was built in 1938 as an airport hangar for the Clipper Ships. It consists of approximately 139,661 square feet of space. It is subleased to Rysher Productions for the filming of the television series Nash Bridges through June 1998. Access is restricted to workers and guests of Rysher Productions.

Hangar 3 was built in 1938 also as an airport hangar for the Clipper Ships. It consists of approximately 144,767 square feet of space. It will be subleased to Universal Studios through June 1998 for the filming on a movie, called Patch Adams starring Robin Williams. Access is restricted to workers and guests of Universal Studios.

Building 180 was built in 1943 and consists of approximately 77,481 square feet of space divided into two large rooms and offices. Originally built as an airport hangar, it is best used as a soundstage and is also suited for large parties, filming, and concerts.

Building 180 will be used for special events and parties. The sublease will be on a daily base. The sublease fees are:

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Private event:	Event day	\$ 5,000	Set up day	\$ 2,000
Public w/paid attendees:	Event day	\$ 4,500	Set up day	\$ 1,500
Public free event:	Event day	\$ 4,000	Set up day	\$ 1,500
Non profit:	Event day	\$ 3,000	Set up day	\$ 750

When in use, public access is available.

3. Treasure Island Marina

The Treasure Island Marina consists of 108 boat slips, associated ramps, and approximately 54 parking spaces. It is currently being operated of the San Francisco Department of Recreation and Parks. A Request for Proposal has been issued to solicit a new operator who would improve and expand the Marina. A sub lease will be executed when a new operator is chosen.

Access is limited to those working on the Marina, slip holders and their guests.

4. The Great Lawn

The Great Lawn is an open grassy area of approximately 126,500 square feet. It is located on the west shore of Treasure Island and faces magnificent views of the San Francisco skyline. It is perfect for large tented events and open picnics.

The Great Lawn will be used for special events and parties. The sublease will be on a daily base. The sublease fees are:

1 to 7 days use:	Event day	\$3,000	Set up day	\$1,500
Over 7 days use:	Event day	\$2,000	Set up day	\$1,000

When in use, public access is available.

5. Admiral Nimitz Mansion

The Nimitz Quarters, a beautiful turn of the century home, was built as the official residence of the Commandant of Yerba Buena Island's Naval Training Station. The house is built of redwood and brick and is listed on the National Register of Historic Places. It is located on Yerba Buena Island, a natural island adjacent to Treasure Island. The Nimitz House is ideal for small parties, weddings, fundraisers, and meetings.

The Nimitz House can accommodate 50 persons for a seated affair and 125 persons standing. There are kitchen facilities, but very limited general furniture. Parking is available.

The Nimitz House will be used for special events and parties. The sublease will be on a daily base. The sublease fees are \$500 per day (charges for cleaning, utilities, and on-site staff may be added). When in use, public access is available.

Item 6 - File 242-97-1

Department: Commission on the Status of Women (COSW)

Item: Resolution authorizing the Commission on the Status of Women to apply for grant funds available from the United States Department of Education Women's Educational Equity Act (WEEA) Program for a gender equity education program implementation grant.

Grant Amount: Not to exceed \$400,000

Grant Period: July 1, 1998 through June 30, 2002 (four years)

Source of Funds: United States Department of Education Women's Educational Equity Act (WEEA) Program

Project: Gender Equity Education Program

Description: The purpose of the proposed grant is to implement a curriculum in the San Francisco Unified School District's middle schools and high schools to assist in eliminating sexual harassment and violence. The curriculum would consist of training students and their teachers in the areas of violence and sexual harassment, including the training of teachers and students to become trainers and peer counselors, and would include developing strong parent participation and establishing strong collaboration and role models from the private and public sectors.

Budget:	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Total</u>
Personnel	\$27,100	\$27,100	\$27,100	\$27,100	\$108,400
Fringe Benefits	6,233	6,233	6,233	6,233	24,932
Travel	1,000	500	500	500	2,500
Supplies	5,000	3,000	2,500	1,500	12,000
Consultants	50,000	65,000	65,000	28,000	208,000
Other	<u>1,576</u>	<u>1,500</u>	<u>1,200</u>	<u>801</u>	<u>5,077</u>
Total Direct	\$90,909	\$103,333	\$102,533	\$64,134	\$360,909
Indirect	<u>9,091</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>39,091</u>
Total	\$100,000	\$113,333	\$112,533	\$74,134	\$400,000

Ms. Sonia Melara, Director of COSW, advises that budget details will be submitted when the COSW requests Board of Supervisors approval to accept and expend the proposed grant funds.

Required Match: None

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Finance Committee
November 12, 1997 Finance Committee Meeting

Indirect Costs: \$30,091 (9.8% of total grant)

Comments:

1. The Department's Grant Summary Request Form is attached.
2. The COSW has completed a Disability Access Checklist, which is on file with the Clerk of the Board's Office.
3. As previously noted, Ms. Melara advises that budget details will be submitted when the COSW requests Board of Supervisors approval to accept and expend the proposed grant funds.

Recommendation: Approve the proposed resolution.

File Number _____

Grant Application Information Form

A document required to accompany a proposed resolution
Authorizing a Department to Apply for a Grant

To: The Board of Supervisors
Attn: Clerk of the Board

The following describes the grant referred to in the accompanying resolution:

Department: Commission on Status of Women

Contact Person: Sonia Melara Telephone: (415) 252-2570

Project Title: "Creating A More Equal Curriculum for San Francisco Schools

Grant Source: Department of Education Women's Educational Equity Act Program

Proposed (New / Continuation) Grant Project Summary:

The San Francisco Commission on the Status of Women (COSW) in collaboration with, the San Francisco Unified School District (SFUSD), existing community programs and other community business/professional associations and organizations proposes to implement a curriculum that will assist school personnel, parents and students to deal with some of the major problems confronted by girls in achieving equality. The curriculum will consist of training middle and high school students and their teachers in the areas of violence, sexual harassment, Parents, teachers, students and the community will work together as peers to reinforce the curriculum. Specifically, the project will: 1) institutionalize in middle and high schools a curriculum in gender equity to help eliminate sexual harassment and violence, 2) train teachers and students to become trainers, and peer counselors; 3) develop strong parent participation; and 4) Establish strong collaboration and role models from the private and public sectors.

Amount of Grant Funding Applied for: \$400,000 for four years

Maximum Funding Amount Available: \$4,000,000

Required Matching Funds: 0

Number of Positions Created and Funded: 1.25 FTE and 1.5 FTE (Existing Positions)

Amount to be Spent on Contractual Services: \$208,000

Will Contractual Services be put out to Bid? Yes

Item 7 - File 172-97-65

Department: Department of Parking and Traffic (DPT)

Item: Resolution (1) ratifying and approving (a) an Agreement between Pick Your Part Auto Wrecking (City Tow) and the City and (b) the first amendment to such Agreement; (2) retroactively authorizing the Executive Director of the Department of Parking and Traffic (DPT) to execute a second amendment to the Agreement to provide one-stop service; and (3) further retroactively authorizing the Executive Director of the DPT and the Director of Property to execute a proposed third amendment to such Agreement by granting a license to (City Tow) for the use of certain City property necessary to provide one-stop service, including (a) a portion of the ground floor of 375 7th Street, which is leased by the City from the San Francisco Unified School District (SFUSD), (b) a portion of the parking lot at 415 7th Street¹, and (c) a portion of the ground floor of the Hall of Justice Building at 850 Bryant Street; and (4) urging the Mayor to urge the Department of Parking and Traffic to set aside and accumulate the monthly fees, which City Tow pays the City for use by the City, in acquiring a permanent tow facility.

Term: April 29, 1994, through April 28, 1999 (five years).

Project Description: The proposed resolution would authorize the following Agreement and amendments to such Agreement between the City and Pick Your Part Auto Wrecking, also known as City Tow:

- (1) Approve an Agreement (the "Agreement"), dated April 29, 1994, between the City and City Tow for towing, storing and disposal of abandoned and illegally parked vehicles.
- (2) Approve the first amendment to the Agreement, which amendment was effective September 1, 1995, and which amended the procedures for releasing towed vehicles to the public. Under the provisions of the first amendment, DPT authorized City Tow to issue releases for towed vehicles that do not have five or more outstanding parking citations listed in the DPT computer file or do not have Police Department or DPT holds placed on them. Previously, owners of towed vehicles had to obtain a

¹ The City leases from the State, at no cost, the parking lot located at the intersection of 7th and Harrison Streets.

vehicle release from the Police Department or from the Department of Parking and Traffic prior to City Tow releasing the vehicle. In consideration for vehicle release services, the City agreed to pay City Tow the sum of \$127,200 per year, in 24 semi-monthly installments of \$5,300 each. According to Mr. Steve Bell of the Department of Parking and Traffic, the first amendment improved administrative controls, provided better service to the public, and was the first phase of "one-stop"² service.

- (3) Retroactively approve a second amendment to the Agreement, the provisions of which were put into practice by the DPT on September 2, 1997, and which require that City Tow collect parking fines for vehicles with five or more unpaid parking citations for remittance to the City, on a 90 day trial basis, expanding the "one-stop" service concept. Previously, fines for parking citations had to be paid by owners of towed vehicles at DPT's Parking Citation Division at 1380 Howard Street, prior to the owners being able to retrieve their towed vehicles. This amendment would authorize the Executive Director of the Department of Parking and Traffic to pay up to \$25,000 in additional annual compensation to City Tow for any reasonable and necessary costs to implement the expanded service of collecting parking fines on behalf of the City.
- (4) Retroactively approve a proposed third amendment to the Agreement, under which City Tow would pay the City a monthly license fee of \$49,380, or \$592,560 annually, for the use by City Tow of the following facilities in conjunction with its towing operations:
 - (a) City Tow would be licensed to use approximately 63,335 square feet, sufficient to park approximately 200 vehicles and 100 motorcycles, at the parking lot at 415 7th Street, which is leased by the City from the State at no cost. City Tow actually commenced use of the 415 7th Street lot as a short-term storage facility for towed vehicles on August 18, 1997. Prior to that time, the lot was used by the City as a public parking facility, which generated net revenues to the City of approximately \$110,800 in FY 1996-97.

² "One-stop" service in the context of towing operations refers to the ability of the owner of a vehicle that has been towed to clear up any impediments to his or her retrieving the vehicle, such as paying fines associated with parking citations at the same site to which the vehicle was towed.

- (b) City Tow would use approximately 3,000 square feet of office space in the Hall of Justice for its permanent administrative operations. This space, which is currently occupied by the Enforcement Division of DPT, will not become available until approximately January of 1998. According to Mr. Bell, the DPT Enforcement Division will be moved to 899 Bryant Street. The Board of Supervisors previously approved legislation authorizing the lease of the space at 899 Bryant Street for use by DPT's Enforcement Division.
- (c) City Tow would use approximately 3,000 square feet of office space located at 375 7th Street for its administrative operations on a temporary basis pending the availability of the Hall of Justice space noted in (b) above. The space at 375 7th Street is currently leased to the City by San Francisco Unified School District, at no cost to the City. Prior to City Tow moving into this space on August 18, 1997, the building had been vacant.

Comments:

1. Attachment I to this report is a memo from the DPT describing the terms and conditions of the 1994 Agreement with City Tow and describing the amendments in detail, as well as all of the annual costs and annual revenues to the City resulting from this Agreement, and the three above-noted amendments. According to Mr. Bell, the City Attorney's Office and DPT, while researching files for the second and third amendments to the Agreement, were unable to verify that the Agreement and the first amendment had been approved by the Board of Supervisors. Mr. Bell reports that due to personnel changes in DPT, current DPT management is unable to verify that the Board of Supervisors approved the Agreement and the first amendment. Therefore DPT is requesting approval of this proposed resolution.

2. The proposed resolution does not use the term "retroactive" pertaining to the approval of the Agreement and the first amendment. According to Mr. Robert Bryan of the City Attorney's Office, use of the term "ratifying and approving," as is contained in the proposed resolution with respect to the Agreement and the first amendment, denotes after-the-fact approval and sufficiently indicates the retroactive nature of the approval.

3. Mr. Shannon Anderson of the DPT reports that the second and third amendments to the Agreement are being requested as retroactive approvals because of the urgency in vacating the previous short-term storage facility for towed vehicles at 1475 Mission Street and moving into the proposed storage facility at 415 7th Street. According to Mr. Anderson, as of the end of May, 1997, the City, represented by the Department of Real Estate, had fully expected to reach an agreement for the extension of the lease and/or an agreement to purchase the property at 1475 Mission Street. Mr. Anderson stated that the original lease was for a ten-year period and that the purchase option and the lease extension were based on inflated values, which were highly unfavorable to the City. According to Mr. Anderson, near the end of the City's lease period, the landlord refused to offer alternative terms for a lease extension or to accept a purchase price which was satisfactory to the City, resulting in the need for DPT and DRE having to find a new location within a short period of time.

4. According to Mr. Anderson, a major benefit of the proposed Agreement is that whereas the City previously had to use the license fee revenues of \$49,380 per month collected from City Tow to pay the rent at the former storage facility at 1475 Mission Street, the use of the storage space, leased by the City from the State at no cost, at 415 7th Street as a short-term storage facility will permit the monthly license fee of \$49,380 to be used for other purposes. In that connection, the proposed resolution provides that the Board of Supervisors urge the Mayor to urge the Department of Parking and Traffic to set aside and accumulate the monthly license fee revenues for use in acquiring a permanent tow facility.

5. In addition to the short-term storage facility, previously located at 1475 Mission Street and currently located at 415 7th Street, the original Agreement includes a memorandum of understanding (MOU) between the DPT and the Port of San Francisco whereby the Port grants DPT the use of Pier 70 for long-term storage. The MOU provides that DPT is to enter into an agreement directly with City Tow under which City Tow occupies and use the premises at Pier 70 for long-term storage, dismantling, crushing and disposal of towed motor vehicles and abandoned automobiles and related uses, including wholesale-only parts sale and the conduct of public auction "lien sales" required by State laws. In consideration for the use of Pier 70, City Tow pays to DPT monthly rent which began in August of 1994 at \$71,024.64 per month (\$852,295.68 annually) and which has escalated, due to CPI

Index increases, to \$76,529.05 monthly or \$918,349 for FY 1997-98.

6. As noted on the second page of the Attachment II to this report, provided by the Department of Parking and Traffic, under the Agreement and the three amendments to the Agreement with City Tow, the net revenues realized by the City in FY 1996-97 were \$2,377,110. Attachment II also shows that the estimated net revenues to be realized by the City in FY 1997-98 and FY 1998-99 are \$2,361,941 and \$2,755,063, respectively. The reason why FY 1997-98 net revenues are projected to be slightly lower than FY 1996-97 net revenues is due primarily to the credits in the amount of \$327,820 being granted to City Tow by the City for the move from 1475 Mission Street to 415 7th Street.

The total estimated gross revenues to be paid by City Tow to the City of \$4,025,050 for FY 1997-98 are as follows:

- a. \$1,540,460 in administrative fees to be paid by City Tow to the City for vehicles retrieved, representing \$30.00 per retrieved vehicle, based on approximately 51,348 retrieved vehicles annually;
- b. \$968,281 in administrative fees to be paid by City Tow to the City for towed vehicles, representing \$15.03 per each vehicle towed, based on approximately 64,423 towed vehicles annually;
- c. \$592,560 in license fees to be paid by City Tow to the City for use of the parking lot facility at 415 7th Street as a short-term storage facility for the towed vehicles, temporary office space at 375 7th Street, and permanent office space at the Hall of Justice;
- d. \$918,349 in license fees to be paid by City Tow to the Department of Parking and Traffic for use of Pier 70 as a long-term storage, warehousing and wrecking operations (the Department of Parking and Traffic, in turn, pays this amount to the Port of San Francisco, as noted in "b" below);
- e. \$5,400 to be paid by City Tow to the City for janitorial and utility costs in the Hall of Justice.

The total estimated costs to be paid by the City to City Tow and the revenues to be forgone by the City in FY 1997-98 are estimated at \$1,663,109, as follows:

- a. \$148,140 in rental costs for the first three months of FY 1997-98 for the facility at 1475 Mission Street previously used for short-term storage;
- b. \$918,349 in license fees to be paid by the Department of Parking and Traffic to the Port of San Francisco for use of Pier 70 as a long-term storage, warehousing and wrecking operations facility (See "d" above);
- c. \$127,200 paid by the City to City Tow for releasing vehicles to owners;
- d. \$25,000 paid by the City to City Tow to collect parking fines from the owners of vehicles with five or more outstanding parking citations, if continued after a 90-day trial period;
- e. \$5,800 paid by the City to City Tow as reimbursement for the cost of renting a trailer used by City Tow to house its tow release operation;
- f. \$327,820 in license fee credits granted by the City to City Tow for one-time relocation costs from 1475 Mission Street to new short-term storage facility at 415 7th Street;
- g. \$110,800 in revenues that the City would forego from the operation of the commercial parking facility at 415 7th Street, which is being used as a short-term storage facility.

7. Mr. Anderson reports that City Tow was selected as the tow operator in 1994 based on a competitive Request For Proposal process conducted by the Department of Parking and Traffic.

8. Mr. Bell reports that City Tow is still in the process of becoming certified under the City's Equal Benefits Ordinance.

Recommendation: Amend the proposed resolution to make approval contingent on City Tow being in compliance with the Equal Benefits Ordinance, and approve the proposed resolution as amended.

OCT 24 '97 16:51 AT&T FAX 5350

Attachment I
Page 1 of 4

PAGE 2/5

Oct-16-97 03:01P Sherrill Quartini

554-9814

P.02



25 VAN NESS AVENUE, SUITE 410
CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA 94102
554-PARK

CITY AND COUNTY OF SAN FRANCISCO

WILLIE LEWIS BROWN, JR., MAYOR
BILL MAHER, EXECUTIVE DIRECTOR

To: Stan Jones, Budget Analyst's Office
From: Steve Boll *SB*
Re: The City Tow Contract
Date: October 16, 1997

Purpose of Board Resolution

The Department of Parking and Traffic and the Real Estate Department requests Board of Supervisors approval of two amendments to the City's towing contract with Pick Your Part Auto Wrecking d.b.a. City Tow. While drawing up the second and third amendments of the contract, the Department of Parking and Traffic and the City Attorney discovered no evidence that the original contract awarded in June 1994 and the first amendment to this contract had been submitted to or approved by the Board of Supervisors. Out of an abundance of caution, DPT seeks the ratification and approval of the original contract, the first amendment, and the second and third amendments.

Background on City Towing Contracts

In 1987, the Police Department signed a five-year towing contract with the option to extend the contract up to five years. In 1992, DPT extended this contract for 2 years. This contractor operated their main office at 1475 Mission Street and used Pier 70 as a long-term storage lot. DPT leased the facilities at 1475 Mission Street from a private owner, and had an MOU with the Port of San Francisco for use of Pier 70 as a long-term storage lot. Until August 28, 1997, DPT continued to use these facilities.

Contract with Pick Your Part Auto Wrecking

In 1992, the Parking and Traffic Commission asked DPT staff to review the terms of the tow contract, evaluate performance levels of the current contractor, survey towing agreements in other jurisdictions, consider new revenue generating opportunities, and recommend enhanced levels of service. DPT issued an RFP for towing services. The Department recommended and the Department of Parking and Traffic Commission approved awarding a five-year contract to Pick Your Part Auto Wrecking on June 1, 1994. The City has the option to renew this contract for up to five years.

Conditions of Contract with Pick Your Part:

Fee Collected

- Pick Your Part pays the City an administrative fee of \$15.03 per vehicle towed (except Police Department tows). In FY96-97, DPT collected \$981,603 in net revenue from this fee.

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- Pursuant to Article 9, Section 170.1 of the San Francisco Traffic Code Pick Your Part must also pay the City an administrative fee of \$30 on every vehicle that is retrieved by the owner. In FY96-97, DPT collected \$1,395,507 in net revenue

Conditions

- City must provide office space and short-term storage for towed vehicles. The contractor must pay the City a licensing fee to use the facility. Effective FY 1997-98 1997 the licensing fee is \$49,380 per month, or \$592,560 annually.
- City must provide long-term storage for towed vehicles. The contractor must pay the City a licensing fee to use the facility. At Pier 70, the licensing fee is \$76,529 per month or \$918,348 annually for FY1997-98.
- Contractor must provide free service for vehicles towed and impounded by the Police Department;
- The contract set the tow and storage fees that the contractor is allowed to charge and these fees are adjusted annually by the CPI.
- In accordance with state law, the contractor has a lien against every vehicle it tows. (CA Vehicle Code Section 22850 et seq.) The contractor is allowed to bid on any lien sale vehicles.

1st Contract Amendment

Approved on September 5, 1995 by the Parking and Traffic Commission, this amendment allowed Pick Your Part to issue releases for towed vehicles that did not have Police Department or DPT holds placed on them. This amendment improved administrative controls, provided better service, and was the first phase of "one-stop" service.

The amendment required the contractor to provide this service from 7 a.m. until 12 midnight. The City agreed to pay City Tow in bi-monthly installments to provide the additional service for a total cost of \$127,200 annually. The cost is deducted from the Administrative fee revenue prior to remittance.

Relocation of Towing Facility

The City and the owner of the property at 1475 Mission Street could not come to an agreement on the terms and conditions of a lease renewal or extension. The owner of 1475 Mission Street property required that the City's towing contractor vacate the premises by August 28, 1997.

DPT has arranged to move its Enforcement Division from its space in the Hall of Justice to 899 Bryant Street, a privately owned property. With the Enforcement Division relocation, DPT recommends that City Tow move into the vacated space in the Hall of Justice to complete the Mayor's request for complete one-stop service.

This new location is ideal for several reasons. The City's Parking Authority has usage rights to the parking lot at 415 7th Street located to the north of the Hall of Justice, and City Tow is already using this lot as a short-term storage facility for towed vehicles. The new location is convenient for the public because of its proximity to the Police Department's STOP program counter where the police issue most of their tow releases.

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The Hall of Justice space would not be available to the towing contractor until January 1998.

The parking lot at 415 7th Street, which is leased in perpetuity by the Parking Authority from the State of California at no cost, was being used as a public parking lot. DPT projected \$110,800 in revenue from public use of that lot for this budget year. Since August 28, 1997, the towing contractor has been using the garage as a short-term storage lot. This lot needed some physical improvements to make it suitable for the contractor's use, so the City asked the towing contractor to pay for the improvements and deduct these costs from their monthly licensing fee for office space and short-term parking facilities.

The City Real Estate Department suggested that DPT use a City-owned building at 375 7th Street as temporary offices for the towing contractor. The City leases the property from the San Francisco Unified School District (SFUSD). The building was unoccupied, and to make it suitable office space, SFUSD needed to make tenant improvements. DPT had considered renting trailers as a temporary office for the administrative functions of City Tow, but renting trailers cost as much as renovating the space at 375 7th Street and reduced the number of usable spaces for short-term vehicle storage in the parking lot.

DPT asked the contractor to pay for the improvements to renovate the facilities at this location for temporary use and deduct the cost from their licensing fees for office space and short-term parking facilities. These improvements cost \$60,000.

2nd Amendment

This amendment requires the towing contractor to accept payments for parking citations on a trial basis for 90 days, expanding the current "one-stop" service. The amendment would also authorize the Executive Director of DPT to negotiate up to \$25,000 in additional annual compensation to Pick Your Part for any reasonable and necessary costs to implement the service.

3rd Amendment

This amendment modifies Section 1.11, 1.15, and 9.2 of the original contract and creates a licensing agreement on the use of facilities between the City and the contractor. It allows DPT to:

- Use the property at 375 7th Street leased by City and owned by the SFUSD as a temporary location for the towing contractor;
- Use the parking lot 7th and Harrison for short-term storage of towed vehicles;
- Use the Hall of Justice office space as the new location for the towing contractor. Any improvements would be paid by the contractor and deducted from the monthly licensing fee for office space and short-term parking facilities. The cost to the City for these improvements shall not exceed \$100,000. The towing contractor would be responsible for any costs above that stipulated amount. The contractor will pay the City \$0.20 per square foot to cover the overhead and utility costs for using the Hall of Justice. This payment will be \$600 per month or \$7,200 annually.

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In addition, the licensing agreement stipulates that the towing contractor will continue to pay the same licensing fee of \$49,380 month, or \$592,560 annually adjusted with the CPI. DPT urges the Board of Supervisors and the Mayor to set aside this licensing fee for the purpose of purchasing or constructing a permanent tow facility.

City Tow Contract and Amendments	Admin Fee ^{1,2}	Per Vehicle Towed Fee ³	Release Desk Cost	Pier 70 License Cost to DPT ⁴	Tow Offices Cost to DPT
Original Contract	N/A	\$15.03 per vehicle towed	N/A	Pass through licensing fee of \$918,348/year	Pass through licensing fee of \$592,560/year
First Amendment	N/A	no change	\$127,200/year	no change	no change
Second Amendment	N/A	no change	Allows up to \$25,000/ year increase one time	no change	no change
Third Amendment	N/A	no change	no change	no change	<ul style="list-style-type: none"> Retain licensing fee of \$592,560/year Deduct estimated \$435,000 one-time relocation expenses from this fee⁵ Deduct \$580/Month trailer rental fee. Deduct \$110,800 in revenue from public lot City Tow pays the City \$600 per month for utilities, or \$7,200 annually

¹ The Administrative fee of \$20 per vehicle retrieved is set by the Executive Director of DPT under the provisions of S.F. Traffic Code Section 170.1.

² The amount collected in FY96-97 was \$1,522,707 gross.

³ City Tow pays an administrative fee of \$15.03 for each vehicle towed. The amount collected in FY96-97 was \$381,603.

⁴ Pier 70 cost is paid by City Tow to DPT. DPT passes the revenue through to the Port.

⁵ The one-time relocation expenses will be deducted as follows: \$327,820 in FY1997/98 and \$107,180 in FY1998/99

CITY TOW CONTRACT

	FY 96-97	1997-98 Projected	1998-1999 Projected
Inflows			
\$30 Service Fee Revenue collected	\$ 1,522,707	\$ 1,540,450	\$ 1,540,450
\$15.03 Service Fee Revenue collected	\$ 981,503	\$ 968,281	\$ 968,281
Licensing Fee for Office Space	\$ 481,524	\$ 592,560	\$ 816,262
Licensing Fee for Pier 70	\$ 839,917	\$ 918,349	\$ 955,083
Utilities payment from City Tow	\$	\$ 5,400	\$ 7,200
Subtotal	\$ 3,875,751	\$ 4,025,050	\$ 4,087,286
Outflows			
Office Space Rental Fee	\$ (481,524)	\$ (148,140)	\$ (955,083)
Rental Fee for Pier 70	\$ (839,917)	\$ (918,349)	\$ (127,206)
Fee for Tow Release Desk	\$ (127,200)	\$ (25,000)	\$ (25,000)
Fee for citation payment processing	\$	\$ (5,800)	\$ (6,960)
Trailer Rental Fee	\$	\$ (327,820)	\$ (107,180)
One-time relocation fees	\$	\$ (110,800)	\$ (110,800)
Loss of revenue from public parking lot	\$	\$ (1,663,109)	\$ (1,332,223)
Subtotal	\$ (1,498,641)	\$ (2,361,941)	\$ (2,755,053)
Net Revenue	\$ 2,377,110	\$	\$

ASSISTANT CITY MANAGER

Item 8 - File 47-97-4

Department: Department of Parking and Traffic, Parking Authority

Item: Resolution approving revised parking rates at the Sutter-Stockton Garage.

Description: The Parking Authority has oversight responsibility for City-owned parking facilities. This responsibility includes reviewing the parking rates charged at City-owned garages and making recommendations to the Board of Supervisors for changes in parking rates.

Approval of the proposed resolution would result in the following modifications of parking rates at the City-owned Sutter-Stockton Garage: (1) day rates would apply from 7 am to 6 pm, instead of from 7 am to 7 pm; (2) night rates would be reduced by \$1 per hour (except for the rate of \$5 for 4 or more hours); and (3) the monthly rate for motorcycles would increase by \$10, from \$40 to \$50.

A comparison of the proposed parking rates with the existing rates is shown in the Attachment, provided by Mr. Ronald Szeto of the Parking Authority.

Comments: 1. Under the existing parking rates at the Sutter-Stockton garage, patrons who enter the garage between 6 pm and 7 pm, when the day rates are still in effect, and park for more than one hour (but less than two hours) must pay for the first hour at the day rate (\$2.00) and for the second hour at the night rate (\$2.00), for a total charge of \$4. If the proposed modifications are approved, patrons who park for less than two hours during the transitional period from day to night rates would be charged a total of \$3 (\$2.00 for the first hour and \$1.00 for the second hour) instead of \$4. According to Mr. Szeto, the proposed changes in parking rates during the transition period from day to night rates would make the parking rates at the Sutter-Stockton garage consistent with the rates of most other City-owned garages. Mr. Szeto further advises that an increased demand for monthly motorcycle parking has lead the Parking Authority to propose a \$10 increase in monthly motorcycle parking rates.

2. Mr. Szeto advises that the Sutter-Stockton garage has a total of 1,865 vehicle parking spaces and 66 motorcycle spaces. Mr. Szeto estimates that presently, annual parking revenues for the City-owned Sutter-Stockton garage are \$7,117,446, and Parking Tax revenues are \$1,778,509, for a total of \$8,895,955 annually.

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The proposed modifications in parking rates at the Sutter-Stockton garage would result in estimated annual increased parking revenues of \$24,800, and an annual increase in Parking Tax revenues of \$6,200, for a total increase of an estimated \$31,000 annually, based on estimated increased utilization of the garage, according to Mr. Szeto. Consequently, if the proposed parking rates are approved, total estimated annual parking revenues would be \$7,142,246 and annual Parking Tax revenues from the Sutter-Stockton Garage would be \$1,784,709, for total revenues of \$8,926,955 annually.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Sutter - Stockton Garage

Current Rates

Day Rates

(7am - 7pm)

0-1 hour	\$ 2.00
1-2 hours	\$ 3.00
2-3 hours	\$ 4.00
3-4 hours	\$ 6.00
4-5 hours	\$ 8.00
5-6 hours	\$ 11.00
6-7 hours	\$ 15.00
24 hours	\$ 20.00

Night Rates

(7pm - 7am & Sunday 7am - 7pm)

0-1 hour	\$ 2.00
1-2 hours	\$ 3.00
2-3 hours	\$ 4.00
3-4 hours	\$ 5.00
4+ hours	\$ 5.00

Motorcycle	\$ 3.00
Motorcycle Monthly	\$ 40.00
Monthly	\$ 275.00

Proposed Rates

Day Rates

(7am - 6pm)

0-1 hour	\$ 2.00
1-2 hours	\$ 3.00
2-3 hours	\$ 4.00
3-4 hours	\$ 6.00
4-5 hours	\$ 8.00
5-6 hours	\$ 11.00
6-7 hours	\$ 15.00
24 hours	\$ 20.00

Night Rates

(6pm - 7am & Sunday 7am - 6p

0-1 hour	\$ 1.00
1-2 hours	\$ 2.00
2-3 hours	\$ 3.00
3-4 hours	\$ 4.00
4+ hours	\$ 5.00

Motorcycle	\$ 3.00
Motorcycle Monthly	\$ 50.00
Monthly	\$ 275.00

Item 9 - File 199-97-2

Departments:	Public Utilities Commission (PUC) Public Transportation Commission (PTC) Municipal Railway
Item:	Resolution transferring jurisdiction from the Public Utilities Commission to the Public Transportation Commission of real property on the southwest corners of Cesar Chavez Boulevard and Indiana Streets for a new Municipal Railway (MUNI) diesel bus maintenance, storage and operating facility, and adopting findings pursuant to City Planning Code Section 101.1.
Location:	Assessor's Block 4352, Lot 6, located south of the intersection of Cesar Chavez Boulevard and Indiana Street; and Assessors Block 4382, Lot 4, located west of the intersection of Indiana and Marin Streets.
Size of Parcels:	61,775 square feet, or approximately 1.42 acres.
Transfer Price:	\$207,775, or approximately \$3.36 per square foot, to be paid by the Public Transportation Commission (PTC) to the Public Utilities Commission (PUC), based on the historical cost of the subject property. (See Comment No. 1.)
Source of Funds:	San Francisco Municipal Railway Improvement Corporation (SFMRIC) interest funds, previously appropriated by the SFMRIC Board of Directors for use in connection with the Islais Creek Project.
Description:	The proposed resolution would authorize the transfer of two parcels, totaling 1.42 acres, currently under the jurisdiction of the PUC, from the PUC to the PTC, for use by MUNI as part of the planned Islais Creek diesel bus maintenance, storage and operating facility. MUNI currently owns a vacant 3.9 acre parcel, known as the "Granex" property, which is adjacent to the subject PUC parcels at the intersection of Indiana Street and Cesar Chavez Boulevard. The proposed property transfer would provide a total of 5.32 acres for the planned new MUNI Islais Creek diesel bus facility. (See Comment No. 3.)

Ms. Susan Chelone of MUNI states that the Islais Creek diesel bus facility is planned as a replacement to the 2.55 acre Kirkland diesel bus facility, now used by MUNI to maintain, store and operate 135 diesel buses. The Kirkland facility is located near Fisherman's Wharf, at the intersection of Stockton and North Point Streets. MUNI's long range

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Capital Improvement Plan calls for the replacement of the Kirkland facility, because MUNI administrators state that (1) the Kirkland facility is too small, providing poor circulation for buses (i.e., buses are stacked, so that if one bus stalls, several buses may be delayed), and inadequate space for repairs; and (2) the surrounding neighborhood has changed since the 1950 construction of the Kirkland facility, so that a diesel bus facility is no longer an appropriate use, and (3) sale of the Kirkland property can generate significant revenue for the City. Ms. Chelone advises that, if the subject resolution is approved, MUNI plans to close the Kirkland facility by September, 1999 and begin operating the new Islais Creek facility at that time. (See Comments Nos. 6 and 7.)

Mr. Gary Dowd of the PUC advises that the two subject parcels to be transferred to the PUC, which were originally acquired for the Clean Water Program (Block 4352, Lot 6) and for wet water retention basin purposes (Block 4382, Lot 4) are no longer needed by the PUC because they are excess to the Clean Water Sewer Project, and can be used more advantageously by MUNI than by the PUC. The PUC approved the proposed property transfer at its meeting of July 8, 1997. The PUC would retain the right to maintain, repair, replace and expand its existing water lines and facilities located on the subject property, which consist of a manhole, sewer access opening and a sewer box.

Comments:

1. Section 23.17 of the Administrative Code allows for transfer of real property between City departments to be made at historical cost (the original purchase price paid by the City for the subject property). Mr. Harry Quinn of the Department of Real Estate (DRE) reports that the proposed combined purchase price to be paid by the PTC to the PUC for the two parcels of \$207,775 is the historical cost of the two parcels.

2. MUNI's 2.55 acre Kirkland facility accommodates 135 diesel buses, which are parked tightly in rows. Ms. Chelone states that the planned Islais Creek facility will accommodate at least 135 diesel buses, using an individual access bus parking model. Under this model, because it will be possible to move individual buses in and out of the facility without having to move other buses, MUNI will be able to assign bus operators (one coach-one driver) and maintenance workers to specific buses. In the Budget Analyst's July, 1996 management audit of MUNI, we recommended that MUNI pursue a one coach-one driver policy, to give bus operators and maintenance workers greater responsibility and

accountability for the upkeep of their vehicles, and to build relationships between operators and mechanics concerning the care of individual vehicles.

3. Ms. Chelone states that MUNI and the Department of Real Estate (DRE) are in the process of negotiating with the State Department of Transportation (CalTrans) regarding the purchase or lease of CalTrans property consisting of 111,263 square feet which is adjacent to the two subject PUC parcels, to be used for MUNI's new Islais Creek facility for diesel buses. If these negotiations are successful, the Islais Creek facility would be enlarged by approximately another 2.6 acres, bringing the total size to 7.92 acres including the subject transfer of 1.42 acres, MUNI's adjacent site of 3.9 acres and the State site of 2.6 acres. According to Ms. Chelone, this would permit MUNI to relocate up to 30 of the 196 diesel buses currently stored at MUNI's Woods facility, located on Indiana Street at 22nd Street, to the Islais Creek facility, so that both the Islais Creek facility and the Woods facility could utilize individual access bus parking and the one coach-one driver policy.

4. Ms. Chelone states that the total estimated cost of the new Islais Creek facility will be approximately \$25 million. Mr. David Chan of the Transportation Authority reports that this project is proposed to receive \$21 million in Sales Tax funding under the Transportation Authority's proposed 1997 Strategic Plan Update, which is tentatively scheduled to be submitted to the Transportation Authority for approval in December of 1997. Ms. Chelone states that MUNI will apply for at least \$2 million of funding from State Transportation Improvement Program (STIP) funds. According to Ms. Chelone, MUNI is in the process of identifying other funding sources for the approximately \$2 million balance (\$25 million less \$23 million) needed to complete the project.

Environmental review for MUNI's Islais Creek bus facility was completed by the Planning Department in 1989, and resulted in a Negative Declaration. Mr. Amit Ghosh of the Planning Department states in a letter available in the Board of Supervisors' file that the proposed property transfer is consistent with the Eight Priority Policies of Planning Code Section 101.1.

5. Relocation of the Kirkland diesel bus facility to the Islais Creek site will increase the average "deadhead" for diesel buses relocated to Islais Creek by approximately 2.7 minutes per trip. Deadhead is the time it takes a bus operator to go to and from the storage facility to the start and end of the bus

route. It is estimated that MUNI will incur maximum additional costs in operator time (paid driver time to get to and from the storage facility to the start and end of the bus route) of \$75,000 per year because of the increased deadhead. However, Ms. Chelone states that no reduction in service will result from the increased deadhead. She also advises that as yet undetermined cost savings will be achieved because buses currently stored at the Kirkland facility must travel to the Woods facility for heavy maintenance. It is planned that such buses would receive all maintenance on site at the proposed Islais Creek facility. Ms. Chelone further states that MUNI believes that institution of the one driver-one coach policy will provide important service and efficiency improvements to the MUNI diesel bus operations.

6. Ms. Chelone advises that, based on recommendations provided to the SFMRIC in a 1996 "Assets Development Study" completed by Douglas Wright Consulting and Economic & Planning Systems, MUNI staff plan to request that the PTC issue a Request for Proposals (RFP) for a developer for the Kirkland Property, after the Islais Creek facility is opened. The selected developer would negotiate a ground lease for the Kirkland Property with the City, thereby providing the City with an ongoing stream of revenue from the Kirkland Property. Mr. Larry Ritter of the DRE advises that, prior to issuance of such an RFP, the DRE would request that the Planning Department determine the appropriate zoning for the property, which is currently zoned for public use. Mr. Ritter states that, following rezoning, the DRE would obtain an appraisal of the property. Mr. Ritter states that the Kirkland property has not yet been appraised, and that the DRE cannot estimate the potential revenue from sale or ground lease of the property until its zoning status is determined. According to Ms. Chelone, it is not yet clear whether revenue from such a ground lease would accrue to the PTC or to the General Fund.

7. Ms. Chelone states that MUNI personnel currently employed at the Kirkland facility will be transferred to the new Islais Creek facility. In addition, she advises that if MUNI is able to purchase the State property and downsize the Woods facility (see Comment No. 3), some staff will be relocated to Islais Creek from the Woods facility. Ms. Chelone states that she does not expect MUNI to request additional staff because of relocating the diesel bus facility from Kirkland to Islais Creek, with the possible exception of one Stationary Engineer, at a maximum annual salary and benefits cost of \$61,203, to handle maintenance of the larger Islais Creek facility. However, Ms. Chelone advises that

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MUNI maintenance functions are currently understaffed. She states that MUNI might request additional maintenance positions in the future, but that such a request would not be directly related to the closure of the Kirkland facility or to the opening of the Islais Creek facility.

Ms. Chelone states that overall annual operating costs for MUNI's diesel bus maintenance, storage and operating facilities should not increase by more than a maximum of \$136,203 (\$75,000 for increased deadhead and \$61,203 for a Stationary Engineer) due to the new Islais Creek facility.

8. Approval of this request does not appropriate any funds but would result in approval of the transfer of the subject PUC property to the PTC for the planned new MUNI Islais Creek diesel bus facility, and the payment by the PTC to the PUC of the historical cost of the subject property, or \$207,775.

Recommendation: As previously noted, in the Budget Analyst's July, 1996 management audit of MUNI, we recommended that MUNI pursue a one coach-one driver system. The proposed transfer of property for the new Islais Creek diesel bus facility is consistent with this one coach-one driver system. However, we consider approval of the proposed property transfer to be a policy decision for the Board of Supervisors.

Memo to Finance Committee
November 12, 1997 Finance Committee Meeting

REVISED 11/10/97

Item 10 - File 12-97-27

Item: Resolution requesting that the City Lobbyist and the San Francisco Delegation in the State Legislature cooperate with the California Bankers Association to modify the State Bank In-Lieu Tax Law to mandate subvention of a portion of these tax receipts to local government.

Description: State Law exempts banks, savings and loan associations and other lending institutions from the levy of local taxes such as the City's Payroll/Gross Receipts Tax. Instead, the State collects an "In-Lieu" tax, in addition to franchise taxes and State income taxes, equal to 2.17 percent of the company's taxable income. Until 1982, In-Lieu tax proceeds were allocated to California Cities and Counties through State subventions. In 1982, such subventions ended, and the State retained all Bank In-Lieu tax revenue.

In 1995, the Board of Supervisors Budget Committee held a hearing to consider seeking a change in State law to permit San Francisco to directly tax banks, savings and loan associations and other lending institutions. The California Bankers Association opposed such a change in State Law and instead suggested that the City seek a return to the State's prior practice of the State remitting Bank "In-Lieu" tax proceeds to local governments in the form of subventions. According to Mr. Larry Kurmel, Executive Director of the California Bankers Association, the Association would continue to support a return to the State's prior practice if it were introduced as State legislation.

According to the California Bankers Association, the current, 1997-98 revenue estimate for Bank In-Lieu taxes is \$130 million Statewide.

A pending Assembly Bill (AB 511) would appropriate all Bank In-Lieu Taxes to local governments, allocated on the basis of population. The Chair of the Assembly Appropriations Committee, may carry the bill for the 1997-98 legislative session.

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An alternative method of allocating the Bank In-Lieu Taxes is also under consideration. The alternative would be to allocate such taxes to local governments based 50 percent on population and 50 percent on the proportion of Statewide bank payroll within each jurisdiction. Such an allocation method would likely benefit San Francisco. The current version of AB 511 would allocate 100 percent of total Bank In-Lieu Taxes to local governments.

Comment: If the State law were modified pursuant to the proposed resolution, then to the extent that any new subventions are not offset by the State through a reduction in other revenues allocated by the State to the City, the City would realize a net increase in its total revenues.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

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Based on data provided in the State Franchise Tax Board's 1995 Annual Report - Bank and Corporation Taxes, the last such report available, the Budget Analyst calculates that total Bank In-Lieu tax collections in 1995 amounted to approximately \$103.7 million on a Statewide basis.

Comments: 1) If the State were to mandate subvention of Bank In-Lieu taxes, or a portion of such taxes, to local government the amount that would be received by the City would depend on the method of allocation, as well as the portion of the taxes that would be allocated Statewide.

2) If the State law were modified pursuant to the proposed resolution, then to the extent that any new subventions are not offset by the State through a reduction in other revenues allocated by the State to the City, the City would realize a net increase in its total revenues.

Memo to Finance Committee
November 12, 1997 Finance Committee Meeting

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

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Item 11 - File 25-97-16

Department: Public Transportation Commission (PTC)
Municipal Railway

Item: Resolution concurring with the Controller's certification that facility security services for the Public Transportation Commission can be practically performed by a private contractor at a lower cost than similar services performed by City employees.

Services to be Performed: Facility security services for Municipal Railway operations

Description: Charter Section 10.104 provides that the City may contract with private firms for services which had been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar services performed by City employees. Facility security services for Municipal Railway operations consist of unarmed stationary and roving guards at Municipal Railway facilities, armed guards attending Municipal Railway employees involved in the handling of cash, tickets and passes, and security analysis and development of plans for improving physical security at the Municipal Railway.

The Controller has determined that contracting for facility security services for the Municipal Railway for FY 1997-98 would result in estimated savings as follows:

	Lowest Salary Step	Highest Salary Step
<u>City-Operated Service Costs</u>		
Salaries	\$1,807,636	\$2,133,829
Fringe Benefits	<u>512,552</u>	<u>562,525</u>
TOTAL	\$2,320,188	\$2,696,354
<u>Contractual Services Cost</u>	<u>1,470,093*</u>	<u>1,474,516*</u>
<u>Estimated Savings</u>	<u>\$850,095</u>	<u>\$1,221,838</u>

*Includes City employee monitoring costs.

Comments: 1. Facility security services were first certified as required in Charter Section 10.104 in 1983 and have been provided by an outside contractor since 1975.

2. The PTC is currently contracting with Burns International for the provision of these facility security services. On April 14, 1997, the Board of Supervisors authorized the Purchaser and the Director of Public Transportation to issue a Request for Proposal (RFP) for Comprehensive Facility Security Services (Ordinance 133-97) and stipulated that a Proposition J Certification be obtained prior to the execution of the contract for these services. Approval of this proposed resolution would allow the PTC to execute a contract with King Security Services, Inc., the selected contractor, a Disadvantaged Business Enterprise firm.

3. The Contractual Services Cost used for the purpose of this analysis is the selected contractor's estimate of the costs to provide facility security services for FY 1997-98.

4. The PTC reports that, under the PTC RFP process, King Security Services, Inc. provides health care coverage to their employees and to the spouses of their employees. The PTC also reports that King Security Services, Inc. currently provides benefits to domestic partners. The term of this contract is three years from the date of execution, or 30 days from the date of Board of Supervisors approval of this resolution, with two one-year options to renew.

5. Mr. Phil Chin of the PTC reports that, under the RFP process, King Security Services, Inc. was selected based on qualitative criteria, including their deployment and training plans. However, King Security Services, Inc. was also the low bidder, in the amount of \$1,837,978. Two other firms responded to the RFP, including Burns International at \$2,885,377, and Black Bear Security at \$2,518,331. Mr. Chin reports that although King Security Services, Inc. originally submitted a proposal to perform the facility security services at a cost of \$1,837,978, the PTC negotiated the lower cost of \$1,443,852. (The above contract costs provided by the Controller include a .5 FTE 8221 Chief, Protective Services for contract monitoring, at a Step I cost of \$26,241 and a Step 5 cost of \$30,664.)

According to Mr. Chin, the contract with King Security Services, Inc. would require the contractor to meet specific performance outcomes, and would allow the City to deduct payments if the contractor did not achieve these outcomes. For example, if a security guard is five minutes late for the duty shift, the City may deduct one hour's payment from the contract. The specific performance outcomes and the amounts to be deducted are specified in the contract.

Memo to Finance Committee
November 12, 1997 Finance Committee Meeting

6. The Controller's supplemental questionnaire with the PTC's responses, including the MBE/WBE status of the contractor, is attached.

Recommendation: Approve the proposed resolution.

CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

DEPARTMENT: Public Transportation (MUNI)CONTRACT SERVICES: Comprehensive Facility Security ServicesCONTRACT PERIOD: November 15, 1997 thru November 14, 2000

- (1) Who performed the activity/service prior to contracting out?

Was not performed

- (2) How many City employees were laid off as a result of contracting out?

None

- (3) Explain the disposition of employees if they were not laid off.

N/A

- (4) What percentage of City employees' time is spent of services to be contracted out?

Approximately 50% of class 8121 position to monitor contract

- (5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?

Since 1975 (22 years); Likely to be on-going

- (6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?

1983-84 Fiscal Year. Yes.

- (7) How will the services meet the goals of your MBE/WBE Action Plan?

They will comply with requirements of FTA DBE Program. Contractor is DBE.

- (8) Does the proposed contract require that the contractor provide health insurance for its employees? Even if not required, are health benefits provided?

Yes. Yes.

- (9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?

Contractor on HRC approved list for equal benefits requirements

Department Representative: Phil ChinTelephone Number: (415) 292-2048

TOTAL P.02

Item 12 - File 25-97-15

Department: Airport

Item: Resolution concurring with the Controller's certification that shuttle bus services can continue to be practically performed by a private contractor at a lower cost than similar services performed by City employees, and approving the award of a new contract for the operation of Shuttle Bus Services at the Airport for a ten year period with five additional one-year options.

Services to be Performed: Shuttle Bus Services at San Francisco International Airport.

Description: The proposed resolution would approve a new contract to perform shuttle bus services at the San Francisco International Airport with SFO Shuttle Bus Company for a ten year period with five additional one-year extension options. The current contract for shuttle bus services at the Airport, with SFO Shuttle Bus Company, expires on December 31, 1997. Shuttle bus services consist of providing free ground transportation between the Airport parking lots and the Airport terminals and transportation between the Airport terminals for airline passengers and employees.

According to Mr. Roger Hooson of the Airport, in January of 1996, the Airport Commission issued a Request For Proposal (RFP) for the contract to provide shuttle bus services at the Airport beginning in January of 1998. Mr. Hooson reports that ten proposals were received by the Airport Commission, nine of which were determined to meet the specifications of the RFP, and none of which were MBE/WBE/LBE firms. Based on a review of the proposals, two firms, SFO Shuttle Bus Company, the current contractor for Airport shuttle bus services, and Grosvenor were selected for oral interviews. SFO Shuttle Bus Company scored 182 points on the oral interviews compared to 151 points for Grosvenor. Consequently, SFO Shuttle Bus Company was selected by the Airport to provide Airport shuttle bus services.

Charter Section 10.104.15 provides that the City may contract with private firms for work or services which had been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such work or services can in fact be performed by private firms at a lower cost than similar work or services performed by City employees.

The Controller has determined that Shuttle Bus Services at San Francisco International Airport for the six month period of January 1, 1998, through June 30, 1998, would result in estimated savings as follows:

<u>City-Operated Service Costs</u>	<u>Lowest Salary Step</u>	<u>Highest Salary Step</u>
Personnel Costs:		
Salaries, Holiday, Premium and Travel Pay	\$1,335,248	\$1,378,300
Fringe Benefits	330,938	339,760
Operating Expenses	<u>430,687</u>	<u>430,687</u>
Total	\$2,096,873	\$2,148,747
<u>Contractual Services Costs</u>	<u>2,019,045</u>	<u>2,019,045</u>
Estimated Savings	\$77,828	\$129,702

Comments:

1. Shuttle Bus Services at San Francisco International Airport were first certified as required in Charter Section 10.104.15 in 1980 and have been performed by a private contractor on an ongoing basis since 1974.

2. The Contractual Services Costs used for the purpose of this analysis are composed of (1) the current contractor's estimate of the costs to provide shuttle bus services for the period of January 1, 1998, through June 30, 1998, (2) costs for additional shuttle bus services, due to Master Plan construction, that were approved by the Airport Director subsequent to the issuance of the RFP, and (3) additional costs that are passed through to the Airport by the contractor, such as fuel and utility costs, resulting from the additional services approved by the Airport Director.

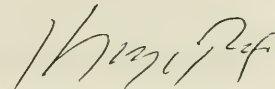
3. Another contract cost certification will be submitted to the Board of Supervisors for FY 1998-99 prior to July of 1998. Mr. Wong has stated that the estimated contractual services cost for FY 1998-99 is \$4.5 million.

3. Mr. Dan Wong of the Airport reports that SFO Shuttle Bus Company provides health care coverage to their employees and to the spouses of their employees. Mr. Wong also reports that SFO Shuttle Bus Company currently provides benefits to domestic partners. According to Ms. Frances Thomas of the Purchasing Department, the SFO Shuttle Bus Company is

certified as being in compliance with the Equal Benefits Ordinance.

4. The Controller's supplemental questionnaire with the Airport's responses, including the MBE/WBE status of the contractor, is attached.

Recommendation: Approve the proposed resolution.



Harvey M. Rose

cc: Supervisor Leal
President Kaufman
Supervisor Brown
Supervisor Ammiano
Supervisor Bierman
Supervisor Katz
Supervisor Medina
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Supervisor Yee
Clerk of the Board
Controller
Matthew Hymel
Stephen Kawa
Ted Lakey

CHARTER 10,104,15 (PROPOSITION J) QUESTIONNAIRE

Department: Airport Commission
 Contract Services: Airport Shuttle Bus Services
 Contract Period: January 1 to December 31, 1998

1. **Who performed the activity/service prior to contracting out?**
 With construction of the Remote Public Parking Facility in 1975, shuttle bus service was initiated by contract. Prior to 1975, the area was utilized as a small lot for SFIA employee parking. An employee van service was provided by Airport Parking Management (APM).
2. **How many City employees were laid off as a result of contracting out?**
 None (See #1)
3. **Explain the disposition of employees if they were not laid off.**
 N/A (See #1)
4. **What percentage of City employees' time is spent on services to be contracted out?**
 N/A (See #1)
5. **How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?**
 Since 1975. The current contract commenced in 1983 for a 10-year period with up to 5 additional one-year options. The Airport Commission issued a Shuttle Bus RFP in 1996 and awarded the new 10-year contract with up to 5 additional one-year options in 1996.
6. **What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?**
 1974-1975. Yes, it has been certified each year since.
7. **How will the services meet the goals of your MBE/WBE Action Plan?**
 Although this contract was not awarded to a MBE/WBE firm in 1983, it must adhere to the City's non-discrimination ordinance contained in Chapters 12B & 12C of the City's Administrative Code. The new contract contains MBE/WBE goals which the Contractor must meet.
8. **Does the proposed contract require that the contractor provide health insurance for its employees? Even if not required, are health benefits provided?**
 The contract does not require health insurance. However, the contractor provides health insurance for its employees per a labor agreement.
9. **Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?**
 The contractor provides benefits to spouses and domestic partners.

Department Representative:


 Duke Briscoe, Deputy Airport Director - Operations

Telephone Number: (415) 794-5010

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 Revised: 08-Aug-97

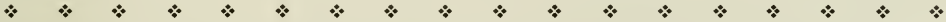
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REGULAR MEETING

VETERANS BUILDING
401 VAN NESS AVENUE, ROOM 410
SAN FRANCISCO, CA 94102

CLERK: Rosemary Little-Horanzky



The following services are available on request 48 hours prior to the meeting or hearing:

- ❖ For American sign language interpreters or the use of a reader during a meeting, contact Violeta Mosuela at (415) 554-7704.
- ❖ For a large print copy of an agenda, contact Moe Vazquez at (415) 554-4909.

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

FINANCE COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

REGULAR MEETING

WEDNESDAY, NOVEMBER 19, 1997 - 1:00 P.M. VETERANS BUILDING
401 VAN NESS AVENUE
ROOM 410

MEMBERS: SUPERVISORS SUSAN LEAL, BARBARA KAUFMAN, AMOS BROWN

CLERK: ROSEMARY LITTLE-HORANZY

1. File 12-97-27. [Bank In Lieu Tax Law] Hearing to consider urging the State Legislature to modify the State Bank In Lieu Tax Law to mandate subvention of a portion of these tax receipts to local government. (Supervisor Ammiano)
(Continued from 11/12/97.)

ACTION:

2. File 65-97-14. [Lease of Property] Resolution authorizing a 40-year lease of Public Utilities Commission land between the City and County of San Francisco and Artichoke Joes, in the City of San Bruno, San Mateo County. (Public Utilities Commission)
(Continued from 11/12/97.)

ACTION:

3. File 28-97-9. [Emergency Repair, Woodland Avenue Sewer] Resolution approving the expenditure of funds for the emergency work to replace the structurally inadequate sewer on Woodland Avenue from Willard Street to 260 feet northeasterly - \$81,142.00 (Public Utilities Commission)

ACTION:

4. File 30-97-21. [CHIP Program Funds for Fiscal Year 1997-98] Resolution authorizing adoption of the County Description of Proposed Expenditure of California Healthcare for Indigents Program (CHIP) Funds for Fiscal Year 1997/98 and that the President duly authorized representative of the Board of Supervisors of the City and County of San Francisco can certify the County Description of Proposed Expenditure of CHIP Funds for Fiscal Year 1997/98. (Department of Public Health)

ACTION:

5. File 101-97-22. [Appropriation, Public Transportation Commission] Ordinance appropriating \$1,364,564, Public Transportation Commission, of Safe Harbor Lease Revenue to provide additional funding for the Advanced Train Control System Project for fiscal year 1997-98. RO #97114. (Controller)

ACTION:

6. File 101-97-25. [Appropriation, Hetch Hetchy Water and Power Dept] Ordinance appropriating \$265,518, Hetch Hetchy Water and Power Department, of Hetch Hetchy Power Revenues for the creation of a new Retail Power Accounts Program and for the creation of four (4) new positions for fiscal year 1997-98; companion measure to File 102-97-7. RO #97127. (Controller)

ACTION:

7. File 102-97-7. [Salary Ordinance Amendment, Hetch Hetchy] Ordinance amending Ordinance No. 307-97 (Annual Salary Ordinance, 1997/98), Hetch Hetchy Water and Power Department, reflecting the creation of four (4) new positions (Class 1063 IS Senior Programmer, 1366 Special Assistant VII, 1368 Special Assistant IX, and 5633 Water & Power Specialist); companion measure to File 101-97-25. (Department of Human Resources)

ACTION:

8. File 101-97-27. [Appropriation, Department of Public Works] Ordinance appropriating \$755,000, Department of Public Works, from the General Fund Reserve (\$695,000 from reserve for Third Street cleanup and \$60,000 from reserve for Tenderloin extra cleaning services) to fund salaries, supplies and equipment for cleaning services in the Bayview and Tenderloin areas and the creation of one (1) position for fiscal year 1997-98; companion measure to File 102-97-8. RO #97128. (Controller)

ACTION:

9. File 102-97-8. [Salary Ordinance Amendment, Dept. of Public Works] Ordinance amending Ordinance No. 307-97 (Annual Salary Ordinance, 1997/98), Department of Public Works, reflecting the creation of one (1) position (Class 8280 Environmental Control Officer); companion measure to File 101-97-27. (Department of Human Resources)

ACTION:

10. File 106-97-1.1. [Setting Schedules of Compensation] Ordinance amending Ordinance No. 275-97 setting schedules of compensation and other economic benefits for certain classifications of persons employed by the Superior and Municipal Courts for the City and County of San Francisco. (City Attorney)

ACTION:

11. File 93-96-30.2. [Amendment to MOU, Local 911] Ordinance implementing the provisions of an amendment to the Memorandum of Understanding between the San Francisco Police Officers Association, Local 911, SEIU, AFL-CIO and the City and County of San Francisco for Bargaining Units P-1; P-2A and P-2B to effective July 1, 1997 through June 30, 2001. (Department of Human Resources)

ACTION:

12. File 79-96-3.2. [Federal Funding – Community Development] Resolution approving the amendment to the final proposal and action plan for San Francisco's Community Development Block Grant Program, Emergency Shelter Grant Program, and Home Investment Partnership resulting from a two month extension of the existing program year. (Mayor's Office of Community Development)

ACTION:

13. File 7-97-16. [Muni, Hiring] Hearing to consider the progress MUNI has made on hiring the additional personnel as approved by the Finance Committee in July 1997.

ACTION:

LITIGATION

The Finance Committee of the Board of Supervisors may meet in closed session under the provisions of Government Code Section 54956.9(a) to discuss proposed settlement of the litigation listed below, this litigation involving the City and County of San Francisco. This motion would be made on the basis that discussion in open session of this proposed settlement would prejudice the position of the City in this claim.

14. File 101-97-34. [Appropriation, Sheriff, Litigation] Ordinance appropriating \$8,750,000, Sheriff, from General Fund Litigation Reserve Balance to claims and judgments and authorizing settlement of litigation between Stolte, Inc., a division of Green International on behalf of itself and its sub-contractors and the City and County for \$8,750,000. (Supervisor Kaufman)

ACTION:

The Finance Committee of the Board of Supervisors may find that it is in the best interests of the City not to disclose any information revealed in its closed session deliberation in the above item at this time and may move not to disclose any information at this time.

LEGISLATION UNDER THE 30-DAY RULE

Rule 5.40 provides that when an ordinance or resolution is introduced which would create or revise major city policy, the committee to which the legislation is assigned shall not consider the legislation until at least thirty days after the date of introduction. Now pending:

File No. 97-97-62. Employee Signature Authorization (labor representation procedures in hotel or restaurant), Ordinance, (Supervisor Katz), 30 day Rule expires 11/26/97.

File No. 121-97-10. Displaced Worker Protection Act, Ordinance, (Supervisor Bierman), 30 day Rule expires 12/10/97.

File No. 127-97-10. Taxes, Common Administrative Provisions, Ordinance, (Supervisor Kaufman), 30 day Rule expires 12/10/97.

File No. 127-97-11, Transient Occupancy Tax, Ordinance, (Supervisor Kaufman), 30 day Rule expires 12/10/97.

File No. 127-97-12, Parking Tax, Ordinance, (Supervisor Kaufman), 30 day Rule expires 12/10/97.

File No. 127-97-13, Utility Users Tax, Ordinance, (Supervisor Kaufman), 30 day Rule expires 12/10/97.

File No. 127-97-14, Emergency Response Fee, Ordinance, (Supervisor Kaufman), 30 day Rule expires 12/10/97.

File No. 127-97-15, Stadium Operators Tax, Ordinance, (Supervisor Kaufman), 30 day Rule expires 12/10/97.

File No. 127-97-16, Payroll Expense Tax, Ordinance, (Supervisor Kaufman), 30 day Rule expires 12/10/97.

File No. 127-97-17, Gross Receipts Tax, Ordinance, (Supervisor Kaufman), 30 day Rule expires 12/10/97.

Watch future calendars for scheduling of these matters.

FINANCE COMMITTEE
S.F. Board of Supervisors
Veterans Building
401 Van Ness Avenue, Room 308
San Francisco, CA 94102

IMPORTANT HEARING NOTICE!!!

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

November 14, 1997

TO: Finance Committee

DOCUMENTS DEPT.

FROM: Budget Analyst *Recommendations for meeting of*

NOV 16 1997

SUBJECT: November 19, 1997 Finance Committee Meeting

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Item 1 - File 12-97-27

Note: This item was continued by the Finance Committee at its meeting of November 12, 1997

Item: Resolution requesting that the City Lobbyist and the San Francisco Delegation in the State Legislature cooperate with the California Bankers Association to modify the State Bank In-Lieu Tax Law to mandate subvention of a portion of these tax receipts to local government.

Description: State Law exempts banks, savings and loan associations and other lending institutions from the levy of local taxes such as the City's Payroll/Gross Receipts Tax. Instead, the State collects an "In-Lieu" tax, in addition to franchise taxes and State income taxes, equal to 2.17 percent of the company's taxable income. Until 1982, In-Lieu tax proceeds were allocated to California Cities and Counties through State subventions. In 1982, such subventions ended, and the State retained all Bank In-Lieu tax revenue.

In 1995, the Board of Supervisors Budget Committee held a hearing to consider seeking a change in State law to permit San Francisco to directly tax banks, savings and loan associations and other lending institutions. The California Bankers Association opposed such a change in State Law and

instead suggested that the City seek a return to the State's prior practice of the State remitting Bank "In-Lieu" tax proceeds to local governments in the form of subventions. According to Mr. Larry Kurmel, Executive Director of the California Bankers Association, the Association would continue to support a return to the State's prior practice if it were introduced as State legislation.

According to the California Bankers Association, the current, 1997-98 revenue estimate for Bank In-Lieu taxes is \$130 million Statewide.

A pending Assembly Bill (AB 511) would appropriate all Bank In-Lieu Taxes to local governments, allocated on the basis of population. The Chair of the Assembly Appropriations Committee, may carry the bill for the 1997-98 legislative session.

An alternative method of allocating the Bank In-Lieu Taxes is also under consideration. The alternative would be to allocate such taxes to local governments based 50 percent on population and 50 percent on the proportion of Statewide bank payroll within each jurisdiction. Such an allocation method would likely benefit San Francisco. The current version of AB 511 would allocate 100 percent of total Bank In-Lieu Taxes to local governments.

Comment: If the State law were modified pursuant to the proposed resolution, then to the extent that any new subventions are not offset by the State through a reduction in other revenues allocated by the State to the City, the City would realize a net increase in its total revenues.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Item 2 - File 65-97-14

Note: This item was continued by the Finance Committee at its meeting of November 12, 1997.

Department: Public Utilities Commission (PUC)

Item: Resolution authorizing a 40-year lease of PUC-owned land between the City and County of San Francisco and Artichoke Joes in the City of San Bruno.

Lessor: City of San Francisco, through the PUC

Lessee: Artichoke Joes

Size of Property: Approximately 67,000 square feet

Location: Adjacent to Huntington Avenue and Southern Pacific Railway tracks at the cross street of San Mateo Avenue in downtown San Bruno, in San Mateo County.

Term of Lease: From 30 days after approval by the Board of Supervisors and the Mayor through 2037 (40 years)

Purpose of Lease: Parking (approximately 275 spaces) and landscaping

Lease Revenues Payable by Artichoke Joes to the City: Initially \$12,500 per month or \$150,000 annually

Adjustment of Lease Revenues: Fifth anniversary of commencement date of lease and every five years thereafter in accordance with a Consumer Price Index (CPI) adjustment specified in the proposed lease, which cannot be less than two percent nor more than six percent annually. In addition, there are additional potential lease increases due to BART construction concessions and reappraisal options for the City (See Comments 6 and 7 for additional details).

Description: The proposed resolution would authorize a 40-year lease of approximately 67,000 square feet of City-owned land for use by Artichoke Joes, a gaming establishment. According to Mr. Bruce Lymburn of Wendal, Rosen, Black and Dean, L.L.P., a private law firm retained by the Public Utilities Commission to negotiate the proposed lease agreement for the City, the proposed City-owned property in San Bruno was a former Municipal Railway (Muni) right-of-way. Mr.

Lymburn reports that Muni used to operate streetcars from the City down the Peninsula.

In 1962, the City entered into a month-to-month agreement with the City of San Bruno to authorize the use of this Muni abandoned right-of-way property by the City of San Bruno, according to Mr. Lymburn. Mr. Lymburn further reports that the City of San Bruno, in turn, sublet this City of San Francisco-owned property to Artichoke Joes for use as a parking lot for approximately 275 vehicles on a month-to-month basis. This month-to-month lease and sublease extended for approximately 34 years from 1962 until the summer of 1996.

As of August of 1996, the City terminated the month-to-month agreement with the City of San Bruno and entered into a month-to-month agreement directly with Artichoke Joes to authorize the use of the property by Artichoke Joes for continued parking purposes. The current month-to-month lease with Artichoke Joes was not subject to the approval of the Board of Supervisors because the term was not anticipated to extend beyond ten years.

When the City terminated the lease with the City of San Bruno in August of 1996, the City of San Bruno was paying the City of San Francisco \$640 per month or \$7,680 annually for lease of this property. According to Mr. Lymburn, the City of San Bruno was previously subletting the City of San Francisco's property at the same lease terms and rent to Artichoke Joes. Under the current month-to-month lease agreement between the City and Artichoke Joes, the City is receiving \$12,500 per month or \$150,000 annually, an increase of \$11,860 per month or \$142,320 annually, as compared with the previous lease arrangements. The proposed 40-year lease, that is the subject of this resolution, would continue these increased lease payments totalling \$150,000 annually to the City and provide for additional escalation clauses and other provisions, as discussed in greater detail below.

Comments:

1. Section 2.110 of the City's Charter requires that the proposed lease of real property, which will extend more than ten years be subject to approval by the Board of Supervisors. If the proposed 40-year lease is approved, the proposed lease will supersede the existing month-to-month lease between the City and Artichoke Joes.

2. According to Mr. Gary Dowd of the PUC, the PUC is requesting that a 40-year lease be approved because (1) a

long-term lease is included as part of a previous three-party agreement between the City, through the PUC, the Bay Area Rapid Transit District (BART) and Artichoke Joes (See Comment 3 for additional details on this three-party agreement) (2) the parcel of land owned by the City, although of considerable value to Artichoke Joes for parking purposes, is an otherwise relatively unuseable parcel of land, (3) providing Artichoke Joes with a secure future parking facility significantly increases the value of the proposed lease and (4) the proposed lease includes numerous provisions for increasing the rental rate, to insure that the City continues to receive the fair market rental value for the property.

According to the information provided by the PUC, the proposed lease rates were based on market data obtained from an outside appraiser who had knowledge of land values in this area. This data was used by the PUC during negotiations with Artichoke Joes to obtain a fair rate of return on this City-owned parcel, which Mr. Dowd represents to be a fair market value rate.

According to Mr. Dowd, the funds received by the PUC, under the proposed lease, would be deposited into the revenues of the Water Department because the subject City-owned property is under the jurisdiction of the Water Department.

3. As discussed in the attached letter from the PUC (Attachment 1), Artichoke Joes had vociferously opposed the BART to the Airport Extension Project and had continuously engaged BART in time-consuming and expensive litigation. Because the City owned and controlled the subject property which Artichoke Joes is using for a parking lot, which is to be used during the construction of the BART Airport Extension Project, the PUC decided to enter into a three-party cooperation agreement ("peace agreement") with Artichoke Joes and BART.

According to Mr. Dowd, in August of 1997, the City of San Francisco, through the PUC, entered into this separate cooperation agreement with BART and Artichoke Joes. According to Mr. Charles Sullivan of the City Attorney's Office, the PUC had the authority to enter into this agreement without approval from the Board of Supervisors.

This three-party agreement specifies that BART proposes to construct the BART Extension to the San Francisco

Airport and that BART intends to use the subject property, that is owned by the City and leased to Artichoke Joes for parking purposes, during the construction of this BART project. This three-party cooperation agreement further states that (1) the City will enter into a long-term lease with Artichoke Joes for use of the subject property for parking purposes, subject to the approval of the Board of Supervisors and the Mayor (2) BART agrees to construct the BART Extension to the Airport Project in a way that mitigates potential adverse effects on Artichoke Joes' business, (3) Artichoke Joes agrees to cease its lobbying and related activities against the BART to the Airport Project and waive and release any and all claims against BART arising from this Project and (4) BART agrees to use its best efforts to convey or lease to the City of San Francisco additional property that is adjacent to the City's existing property, Artichoke Joes would be able to continue to use for surface parking and landscaping purposes (See attached map).

4. Mr. Lymburn reports that the proposed 40-year agreement between the City and Artichoke Joes, which provides approximately 67,000 square feet of City-owned land for use by Artichoke Joes as a parking lot, would fulfill the City's first condition under this previously-approved three-party cooperation agreement, in which it is intended that the City enter into a long term lease with Artichoke Joes for use of the subject property for parking purposes.

5. As stated in the proposed 40-year lease between the City and Artichoke Joes, it is likely that the proposed property will be part of the BART to the Airport Extension Project and that construction activities related to the BART Project will prevent Artichoke Joes from using all or a portion of the proposed lease property as a parking lot. The proposed lease therefore states that the temporary taking of all or a portion of the leased property by BART will not result in a termination of the proposed 40-year lease. However, the proposed lease states that if the BART to the Airport Extension Project results in the loss of use of parking spaces by Artichoke Joes, the rent payable by Artichoke Joes to the City would be adjusted downward on the basis of the ratio of the number of remaining parking spaces that would be available to Artichoke Joes. According to Mr. Lymburn, during the BART to the Airport Extension Project construction phase, BART has agreed to ensure that at least two-thirds of the parking lot is available for Artichoke Joes customer parking. In addition, BART owns other parcels of land that would be made

available for Artichoke Joes customers parking during this construction phase.

6. In accordance with the proposed lease, if BART agrees to construct the BART Extension to the Airport Project in such a way that mitigates the potential adverse effects on Artichoke Joes' business (the second obligation under the previously approved three-party cooperation agreement), then the Base Rent under the proposed lease payable by Artichoke Joes to the City of San Francisco would be increased by \$1,500 per month, plus any adjustments in the Base Rent. According to Mr. Lymburn, since BART has signed the three-party cooperation agreement discussed above in Comment #3 and has thereby agreed to make various construction concessions, such as keeping two-thirds of the parking lot open during construction, once the proposed lease is approved by the Board of Supervisors and the Mayor, the City is entitled to the additional \$1,500 per month rent increase. This provision would increase the monthly rent payments to the City from Artichoke Joes from \$12,500 now being received by the City under the existing month-to-month lease to \$14,000 per month, an increase of \$1,500 per month, or \$18,000 annually, resulting in total annual revenues to the City of \$168,000.

7. In addition to these adjustments in the Base Rent, the proposed lease provides for a reappraisal option up to three times during the 40-year term of the lease. The first reappraisal option could be exercised by the City at any time after 120 days prior to the tenth anniversary of the commencement of the lease. The second reappraisal option could be exercised by the City at any time ten years after the first reappraisal option and the third reappraisal option could be exercised by the City at any time ten years after the second reappraisal option. The Base Rent can then be adjusted as a result of the City's reappraisal option based on the fair market rent for the property. The specific appraisal process and negotiation procedures for determining the fair market rent are specified in the proposed lease. According to Mr. Lymburn, even though the proposed lease includes CPI adjustments every five years, this provision ensures that the City will be able to reappraise the property in order to renegotiate to continue to receive the fair market rent for the proposed property over the 40-year term of the proposed lease.

8. The proposed lease also contains several early termination options, whereby Artichoke Joes can terminate the lease. These termination options are outlined

in Attachment 2. According to Mr. Lymburn, these early termination options are included in the proposed lease because Artichoke Joes cannot predict the long-term future success of their business, given the proposed BART construction activities and the competitive nature of the gaming industry. Mr. Lymburn notes that a gaming establishment is scheduled to open in the City of Colma and other Peninsula cities in the near future. However, Mr. Lymburn reports that all of the early termination options included in the proposed lease, as shown in Attachment 2, include a penalty payment to be made by Artichoke Joes to the City of a minimum of 12 months of rent.

9. As shown in the Attached map (Attachment 3), the "BART Additional Premises" reflects the parcel of property that is adjacent to the subject City-owned parcel. According to Mr. Lymburn, this adjacent parcel is owned by Southern Pacific, which currently leases this property to Artichoke Joes for parking purposes. Mr. Lymburn reports that BART currently has an option to purchase this property from Southern Pacific Railway. In addition, Mr. Lymburn reports that the City ultimately intends to purchase this property from BART, after BART exercises its option to purchase the property from Southern Pacific, as reflected as the fourth obligation in the three-party cooperation agreement discussed in Comment #3 between the City, BART and Artichoke Joes. Mr. Lymburn cannot provide an estimate of the amount to be paid by the City for the proposed adjacent parcel of land that the City intends to purchase from BART, after BART purchases this property from its current owner, Southern Pacific Railway.

10. Under the provisions of the proposed agreement, if the City obtains ownership or a lease of the BART Additional Premises, which are then part of the proposed lease, the Base Rent would be immediately increased by \$2,500 per month, plus any adjustments in the Base Rent. Mr. Lymburn reports that the \$2,500 adjustment reflects the additional amount that Southern Pacific presently receives in monthly rent from Artichoke Joes for this property. Alternatively, if BART ultimately finds that it needs this Additional Premises property on a permanent basis for reasons other than the construction of the BART to the Airport Extension Project, such that Artichoke Joes would not be able to use this area for parking, then Artichoke Joes can reduce their Base Rent to the City by \$5,000 from the initial \$12,500 to \$7,500 per month, plus any adjustments. Mr. Lymburn reports that the \$5,000

adjustment is a negotiated decreased amount to reflect that the value of the City's property is significantly reduced if the Southern Pacific property, adjacent to the City's property, is not available for lease to Artichoke Joes for parking purposes.

11. According to Mr. Lymburn, BART and the PUC are currently negotiating a large, multi-parcel agreement for the construction of the BART to the Airport Extension Project. Mr. Lymburn reports that the PUC, through the Water Department, owns over seven miles of property which would be affected by the proposed BART to the Airport Extension Project. As part of these negotiations with BART, Mr. Lymburn reports that BART (1) may need to purchase some parcels of City-owned property, (2) may need to make environmental mitigation measures on other parcels, (3) may want to enter into short or long-term leases on still other parcels for construction or other necessary activities. According to Mr. Lymburn, the adjacent BART Additional Premises property, which is related to the proposed agreement, is intended to be part of this larger negotiation process with BART. Mr. Lymburn estimates that this larger agreement with BART, which will require Board of Supervisors approval, would not be completed until approximately 1998-1999.

12. The proposed lease also includes a security deposit of \$25,000 payable by Artichoke Joes to the City for faithful performance of all the terms and conditions of the lease provisions. The City can apply the \$25,000 security deposit in whole or in part to remedy any damage to the property or to perform any other terms or conditions contained in the proposed lease. If the City uses any portion of this security deposit, the leasee is responsible for replenishing the security deposit back to the \$25,000 level each time the City determines that Artichoke Joes has not complied with the terms and conditions of the lease provisions.

13. In summary, the proposed 40-year lease between the City and Artichoke Joes would provide approximately 67,000 square feet of City-owned land for use by Artichoke Joes for a 275-vehicle parking lot. This agreement would supersede a previous month-to-month agreement with the City of San Bruno for this parking lot, which has been in existence since 1962 and which, until recently resulted in \$7,680 per year payable to the City of San Francisco by the City of San Bruno. Under the present month-to-month

lease between the City and Artichoke Joes, Artichoke Joes pays the City \$12,500 per month or \$150,000 annually.

The proposed agreement would also initially result in revenues of \$150,000 per year payable by Artichoke Joes to the City, increasing to \$168,000 annually with the approval of the proposed agreement, since BART has agreed to construction concessions, such as keeping two-thirds of the parking lot open during construction, to mitigate the potential adverse effects on Artichoke Joes' business during the construction phase of the BART to the Airport Extension Project. There are numerous additional provisions in the proposed 40-year agreement for CPI adjustments and other revenue enhancements for the City, which should ensure that the City will continue to receive a fair rate of return on the proposed property, according to Mr. Lymburn. The proposed lease also contains a \$25,000 security deposit, payable by Artichoke Joes to the City, and early termination options for Artichoke Joes, which include a penalty payment to be made by Artichoke Joes to the City of a minimum of 12 months of rent.

It is significant to note that the proposed 40-year agreement would fulfill one of the City's intentions under a previously approved three-party cooperation agreement between the City, BART and Artichoke Joes, which was not subject to the Board of Supervisors approval. That cooperation agreement states that (1) the City intends to enter into a long-term lease with Artichoke Joes for use of the subject property for parking purposes, subject to the Board of Supervisors and Mayor's approval, (2) BART agrees to construct the BART Extension to the Airport Project in a way that mitigates potential adverse effects on Artichoke Joes's business, (3) Artichoke Joes agrees to cease its lobbying and related activities against the BART to the Airport Project and waive and release any and all claims against BART arising from this Project and (4) BART agrees to use its best efforts to convey or lease to the City of San Francisco additional property that is adjacent to the City's existing property, which Artichoke Joes would be able to use for parking purposes.

Recommendation:

Approval of the proposed resolution is a policy matter for the Board of Supervisors.

**PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**WILLIE L. BROWN, JR.
MAYORANSON B. MORAN
GENERAL MANAGER**MEMORANDUM**HETCH HETCHY
WATER AND POWERSAN FRANCISCO
WATER DEPARTMENTSAN FRANCISCO
CLEAN WATER PROGRAM

DATE: November 12, 1997

TO: Harvey Rose, Budget Analyst

FROM: Garrett M. Dowd, Director *G.M.D.*

RE: File 65-97-14, City of San Francisco
Lease with Artichoke Joes

The following is a brief summary of the significant aspects of the above-referenced lease transaction:

Until August, 1997 Artichoke Joes Casino in San Bruno, which employs about 450 people and pays about 10% of the entire San Bruno city budget, had been perhaps the most vocal, well-financed and influential opponent on the current BART airport extension plan. Until that time there existed a tremendous ill-will between BART and Artichoke Joes, which arose out of Artichoke Joes' expenditure of many hundred of thousands of dollars lobbying against the current BART airport plan (proposing instead the San Bruno intermodal alternative), and BART's concern that Artichoke Joes, with its army of lawyers and unlimited financial resources, may embroil the project in time-consuming and expensive litigation.

CCSF owns and controls Artichoke Joes' parking lot, which is a vital part of Artichoke Joes' business. BART will use the parking lot for the construction of the airport extension project.

Several months ago the SFPUC conceived of a possible three-party transaction, with the SFPUC acting as "peacemaker," whereby BART, Artichoke Joes and CCSF each would each obtain valuable benefits, as follows:

- 1) Artichoke Joes publicly would drop its opposition to, and stop lobbying against, the airport extension project, and would waive and release any and all claims against BART if BART performs its obligations;
- 2) In turn BART would agree to construct the project in certain ways that mitigate potential adverse effects on Artichoke Joes' business; and

3) CCSF and Artichoke Joes would enter into a long-term lease for the parking lot on advantageous terms for both parties, including approximately \$200,000 in annual rent to CCSF.

In August 1997 CCSF successfully brokered an agreement (the Construction Concessions Agreement) that contemplated the above agreements between the parties. This "peace agreement" was approved by Artichoke Joes, the BART Board of Directors, and the SFPUC.

As a condition to the effectiveness of the Construction Concessions Agreement, CCSF must enter into the subject long-term lease with Artichoke Joes. This lease is extremely advantageous to CCSF not only because it is made in connection with a "peace agreement" that helped BART construct its airport extension project, but because its economic terms are excellent for CCSF. The forty (40) year lease will insure a guaranteed premium rent stream for the City on property that might otherwise go vacant or simply be used for commuter parking and the like. Because of its close proximity to Artichoke Joes, the lease value of the property increased substantially from the \$7,824.00 previous annual revenue. Based on the above, staff and the Public Utilities Commission felt it was in the best interest of the City to negotiate the forty (40) year lease term.

GMD:jgb

Early Termination Options -

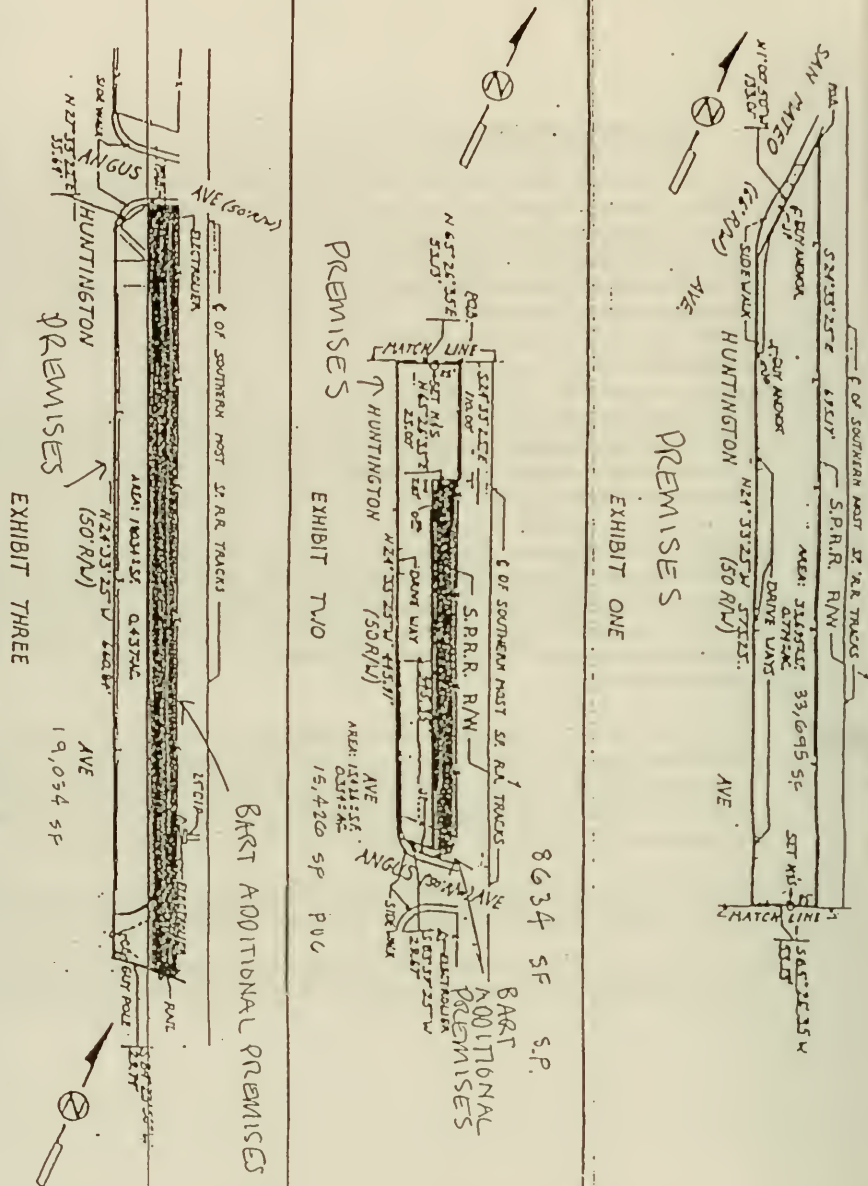
(a) In the event BART constructs a grade separation at the intersection of San Mateo Avenue, Huntington Avenue and San Bruno Avenue whereby motorists will not be able to turn from San Bruno Avenue directly onto San Mateo and Huntington Avenues, Tenant shall have the option to terminate this Lease upon payment to City of a termination fee equal to twelve (12) months of Base Rent then in effect at the effective date of the termination. Notice of termination is to be delivered to City no later than one (1) year after BART's commencement of construction of grade separation.

(b) From the date of the substantial completion of the BART Airport Extension Project at the Premises until two (2) years following such completion, Tenant shall have the option to terminate this Lease upon payment to City a termination fee equal to twelve (12) months of the Base Rent in effect at the termination date.

(c) From two (2) years after BART's substantial completion of the portion of the BART Airport Extension Project at the Premises until ten (10) years after BART's substantial completion of the airport extension construction activities at the Premises, Tenant shall have the option to terminate this Lease upon payment to City a termination fee equal to twenty four (24) months of the Base Rent in effect at the termination date.

(d) From ten (10) years after BART's substantial completion of the BART Airport Extension Project at the Premises until twenty (20) years after BART's substantial completion of airport extension construction activities at the Premises, Tenant shall have the option to terminate this Lease upon payment to City a termination fee equal to eighteen (18) months of the Base Rent in effect at the termination date.

(e) From twenty (20) years after BART's substantial completion of that portion of the BART Airport Extension Project at the Premises until the Expiration Date, Tenant shall have the option to terminate Lease upon payment to City a termination fee equal to twelve (12) months of Base Rent in effect at the termination date.



ROBERT C. HUTTON

LICENSED LAND SURVEYOR
SAN MATEO, CALIFORNIA (41B) 341-3896PLAT OF REVOCABLE PERMITS FOR COMMERCIAL PARKING
CITY OF SAN BRUNO, COUNTY OF SAN MATEO, CALIFORNIA

EXHIBIT A

Item 3 - File 28-97-9

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)

Item: Resolution approving the expenditure of funds for the emergency work to replace a structurally inadequate sewer located on Woodland Avenue from the intersection of Woodland Avenue and Willard Street to 260 feet northeast of that intersection.

Amount: \$81,142

Source of Funds: 1994 Sewer Revenue Bonds

Description: Mr. P.T. Law of the DPW advises that on July 16, 1997 an examination by the PUC Operations Unit determined that the existing sewer located on Woodland Avenue from the intersection of Woodland Avenue and Willard Street to 260 feet northeast of that intersection was in imminent danger of failure and immediate replacement was required in order to protect the health, welfare, and property of the citizens of San Francisco. On July 24, 1997 the PUC declared the sewer replacement an emergency. Mr. Law reports that work commenced on July 28, 1997 and was completed on August 7, 1997. According to Mr. Law, the sewer replacement cost was \$81,142, of which \$48,392 was for a construction contract and \$32,750 was for DPW design and construction management services.

Mr. Law advises that, in accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures on July 16, 1997, to acquire the necessary construction services. Mr. Law states that on July 21, 1997, the DPW selected Harty Pipelines, Inc., a MBE and LBE firm, as the lowest responsive bidder for the sewer repair work at the Woodland Avenue location. The repair work consists of replacing approximately 260 feet of existing 12 foot diameter brick sewer with new 12" diameter vitrified clay pipe sewer.

Comment: According to Mr. Brian Cheu of the Human Rights Commission, Harty Pipelines, Inc. is in compliance with the Equal Benefits Ordinance.

Recommendation: Approve the proposed resolution.

Item 4 - File 30-97-21

Department: Department of Public Health (DPH)

Item: Resolution authorizing the adoption of the County Description of Proposed Expenditure of California Health Care for Indigents Program (CHIP) Funds for FY 1997-98 and that the President of the Board of Supervisors or duly authorized representative can certify the County Description of Proposed Expenditure of CHIP Funds for FY 1997-98.

Amount: \$9,050,401

Source: California Health Care for Indigents Program (CHIP) Funds

Description: In October of 1989, the DPH began its implementation of State Assembly Bill (AB) 75, the Proposition 99/Tobacco Tax Bill. State AB 75 created the California Healthcare for Indigents Program (CHIP) to provide counties with funds for the provision and expansion of health care services to medically indigent adults.

CHIP funds are used to reimburse participating county hospitals, and private hospitals, for inpatient, outpatient and emergency services and participating private physicians for emergency, obstetric and pediatric services provided to indigent persons. During the FY 1997-98 budget process the Board of Supervisors approved the expenditure of \$9,079,584 in CHIP funds in the DPH FY 1997-98 budget. In August 1997, the Board of Supervisors authorized the DPH to apply for, accept, and expend retroactively CHIP grant funds for FY 1997-98 (File 146-97-15). The DPH reports that for FY 1997-98, the County will receive an allocation totaling \$9,050,401 in CHIP funds which reflects an decrease of \$29,183 from the originally anticipated allocation of \$9,079,584 (see Comment No. 1).

The DPH advises that State regulations require that the County submit to the State, on an annual basis, a description of the County's proposed expenditures of the CHIP funds and that the President of the Board of Supervisors or duly authorized representative certify that expenditure description, which is the subject of this proposed resolution. The DPH reports that for FY 1997-98, the County will receive an allocation totaling \$9,050,401 in CHIP funds as follows:

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November 19, 1997 Finance Committee Meeting

County Hospitals -	
San Francisco General Hospital	\$6,235,818
Private Hospitals	419,032
Physician Services	651,627
Other Health Services	<u>1,743,924</u>
Total	\$9,050,401

According to Mr. Jeff Leong of DPH, the State distributes the CHIP funds by formula. At the time that the Board of Supervisors approved the grant application for CHIP funds, the DPH estimated a FY 1997-98 allocation of \$9,079,584 in CHIP funds. The total amount of \$9,050,401 reflects an decrease of \$29,183 over the originally anticipated allocation of \$9,079,584 (see Comment No. 1).

San Francisco General Hospital (SFGH) has been designated as the City's recipient of CHIP funds earmarked for county hospitals. As noted above, for FY 1997-98, the total amount available for expenditure by SFGH is \$6,235,818. Under the DPH proposed Expenditure Plan, the \$6,235,818 would be expended as follows:

SFGH Indigent Care	\$5,761,107
Child Health and Disability Prevention	
Treatment Services	91,509
DPH Administrative Costs	<u>383,202</u>
Total	\$6,235,818

The total amount available for expenditure for private hospitals is \$419,032. The DPH reports that under the Department's proposed Expenditure Plan, 50 percent or \$209,516 of the CHIP private hospital funds will be allocated to the City's seven local private hospitals on the basis of a formula. The remaining \$209,516 or 50 percent of these funds will be allocated by the DPH under a discretionary category. The formula allocation is based on the State Office of Statewide Health Planning and Development's uncompensated health care data, collected from all private hospitals statewide. Under State regulations all local private hospitals are entitled to a share of the formula allocation based on each hospital's level of uncompensated health care costs.

The 50 percent balance of \$209,516 in CHIP discretionary funds are not required by State regulations to be allocated to all private hospitals. Therefore, the DPH has the discretion to allocate these funds to one or more private hospitals for the provision of health care services to indigent persons, as it deems appropriate. However, DPH intends to allocate the

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\$209,516 by reimbursing all seven private hospitals and paying for the associated costs as follows:

Private Hospitals	\$395,985
Professional Services Contract (Managed Care Solutions, Inc.)	<u>23,047*</u>
Total	\$419,032

The seven private hospitals include (1) California Pacific Medical Center, (2) Chinese Hospital, (3) Medical Center at the University of California, San Francisco, (4) St. Francis Memorial Hospital, (5) St. Luke's Hospital, (6) St. Mary's Hospital and Medical Center and (7) University of California - San Francisco/Mt. Zion.

In accordance with State regulations, the DPH has established an Emergency Medical Services (EMS) account and a New Contracts Physician Services account for the receipt and deposit of the CHIP Physician Services funds. Of the \$651,627 allocated for Physician Services for FY 1997-98, \$325,814 or approximately 50 percent would be deposited to the EMS account and \$325,813 or 50 percent would be deposited to the New Contracts Physician Services account.

Under DPH's proposed FY 1997-98 EMS expenditure plan, the \$325,814 would be expended as follows:

Physician Services	\$293,232
Physician Contract Services (Managed Care Solutions, Inc.)	<u>32,582*</u>
Total	\$325,814

Under DPH's proposed FY 1997-98 New Contracts Physician Services expenditure plan, the \$325,813 would be expended as follows:

Physician Services	\$232,998
Child Health and Disability Prevention Treatment Services	60,234
Physician Contract Services (Managed Care Solutions, Inc.)	<u>32,581*</u>
Total	\$325,813

According to DPH, the total amount available under the CHIP Other Health Services category for FY 1997-98 is \$1,743,924. The DPH's proposed expenditure plan provides for the expenditure of the \$1,743,924 as follows:

BOARD OF SUPERVISORS
BUDGET ANALYST

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SFGH Indigent Care	\$1,636,757
Physician Contract Services (Managed Care Solutions, Inc.)	55,587*
DPH Administrative Costs	<u>51,580</u>
Total	\$1,743,924

* Total of \$143,797 for Managed Care Solutions, Inc. (See Comment No. 2)

Comments:

1. Mr. Leong reports that the CHIP Expenditure Plan reflects the final FY 1997-98 CHIP allocation of \$9,050,401, which is \$29,183 less than the \$9,079,584 approved in DPH's FY 1997-98 budget. According to Mr. Leong, the decrease of \$29,183 will be made up through interest earnings on the CHIP funds and no services will be affected.

2. The DPH advises that it would continue to contract with Managed Care Solutions, Inc. which is not a MBE or WBE firm, in a total amount of \$143,797 for FY 1997-98 for the provision of fiscal intermediary services for the participating private hospitals and private physicians. These services include the receipt, processing and payment of claims in connection with the CHIP program. In addition to the fiscal intermediary services, Managed Care Solutions, Inc., would continue to be responsible for provider relations, information dissemination and data reporting, and would assist the DPH in the CHIP program management.

3. Ms. Francis Thomas of the Purchaser's Office reports that Managed Care Solutions, Inc. is in compliance with the provisions of the Equal Benefits Ordinance.

Recommendation: Approve the proposed resolution.

Item 5 - File 101-97-22

Department: Public Transportation Commission (PTC)
Municipal Railway (MUNI)

Item: Ordinance appropriating \$1,364,564 of Safe Harbor Lease Revenues to provide additional funding for the Advanced Train Control System Project.

Amount: \$1,364,564

Source of Funds: Safe Harbor Lease Revenues

Description: The proposed supplemental appropriation ordinance would appropriate \$1,364,564 of Safe Harbor Lease Revenues¹ for the Advanced Train Control System (ATCS) Project. The ATCS Project is a system for controlling (e.g., regulating the speed and spacing of the LRVs) MUNI Metro's Light Rail Vehicles (LRVs).

In 1992, MUNI began replacing its Metro Light Rail Vehicle signal system with the Advanced Train Control System (ATCS), a signal system with on-board train computers linked to a central control computer. When completed, the ATCS, in conjunction with the MUNI Metro Turnaround, will allow MUNI to operate more LRVs (from a maximum of 30 trains² per hour in the subway in each direction to a maximum of 60 trains per hour in each direction) on the existing LRV lines and improve LRV safety.

According to Ms. Gail Bloom of MUNI, the original total estimated project cost of the ATCS was \$68.5 million. The current total estimated project cost of the ATCS is \$79.9 million, which is \$11.4 million, or 16.6 percent more than the original estimate.

Attachment I, provided by MUNI, contains the reasons and related amounts for the increased costs of the ATCS. Attachment II, provided by MUNI, contains a budget for the current total ATCS project costs of \$79.9 million, together with all funding sources.

This subject request of \$1,364,564, as identified in Attachment II as a funding source, would provide the final

¹ Safe Harbor Lease Revenue is realized by selling Federal Income Tax depreciation credits on new and rehabilitated transit vehicles to private corporations.

²A "train" in this context consists of from one LRV to four LRVs that are connected and moving as a single entity.

funding necessary to finance the total current estimated ATCS project costs of \$79.9 million.

Budget: As previously noted, Attachment II contains a complete budget and all funding sources for the total estimated ATCS project costs of \$79.9 million, including this subject revenue appropriation of \$1,364,564 to provide the necessary revenues to complete funding for ATCS project.

Comments: 1. A resolution (File 213-97-2) to authorize the Public Transportation Commission to apply for, accept, and expend grant funds totaling \$6,735,436 for the ATCS project, is currently pending before the Economic Development, Transportation, and Technology Committee. These grant funds are included as funding sources in Attachment II of this report.

2. A list of all contractors involved in the ATCS, the contract amounts, the MBE/WBE status, and compliance with the Equal Benefits Ordinance is shown in Attachment III, as provided by MUNI.

3. According to Mr. John Thomas of MUNI, work on the ATCS Project began in August of 1992. Originally, the ATCS Project was to have been completed in August of 1995. Mr. Thomas states that for the reasons enumerated in Attachment I, the new estimated ATCS project completion date is May of 1999, which is three years and nine months later than the originally estimated completion date of August, 1995.

Recommendation: Approve the proposed ordinance.

11/14/97 FRI 13:00 FAX 415 554 3217

MUNI CAPITAL PROJECT

0002

Attachment No. 1

11/14/97

M914.0 Advanced Train Control System

	Original Budget	Revised Budget	Amount Change	Reason for Increase
Alcatel Contract / Sales Tax	\$ 51,442,697	\$ 53,500,000	\$ 2,057,303	Claims Settlement
Consultant Services	\$ 2,800,000	\$ 15,810,000	\$ 13,010,000	Consultant needed to monitor prime contract due to schedule extension.
MUNI Staff	\$ 4,963,250	\$ 6,000,000	\$ 1,036,750	Extended duration
Additional SLRV Retrofit (use of contingency)	\$	\$ 70,000	\$ 70,000	Additional retrofit to replace damaged vehicle.
Additional Spares (use of contingency)	\$	\$ 670,000	\$ 670,000	Spare parts required for 62 vehicles not covered in contract.
Additional Training (use of contingency)	\$	\$ 175,000	\$ 175,000	Training for 7 additional Central Control Operators.
MUNI Staff - Early Shut down - operations cost abatement	\$	\$ 2,000,000	\$ 2,000,000	Cost to run diesel bus service during subway shut down.
Contingency	\$ 9,294,053	\$ 1,675,000	\$ (7,619,053)	
Original Budget	\$ 68,500,000	\$ 79,900,000	\$ 11,400,000	

11/14/97 FRI 15:41 FAX 415 554 3217

MUNI CAPITAL PROJECT

002

ATTACHMENT II

Category	Original Budget	Revised Budget	Estimate at Completion
City Services	\$4,963,250	\$8,000,000	\$10,698,200
Consultant Services	\$2,800,000	\$15,810,000	\$14,986,800
Contracts/Sales Tax	\$51,442,697	\$53,500,000	\$54,215,000
Contingency	\$9,294,053	\$2,590,000	\$-
Total	\$68,500,000	\$79,900,000	\$79,900,000

ORIGINAL ATCS FINANCIAL PLAN

Federal Section 3 Rail Modernization	\$13,500,000	20%
Federal Section 9 Formula Replacement	17,200,000	25%
State Flexible Congestion Relief	-0-	0%
State Transit Capital Improvement	4,400,000	6%
State Rail Bonds - - Proposition 108	2,940,000	4%
State Rail Bonds - - Proposition 116	6,247,362	9%
Regional Bridge Toll Funds	1,052,670	2%
Local Transit Impact Development Fee	6,590,000	10%
Local Safe Harbor Lease Revenue	-0-	0%
SF Municipal Railway Improvement Corp.	1,721,021	3%
SFCTA Transportation Sales Tax	5,853,000	9%
Transfer from Light Rail Vehicles Project	7,100,000	10%
Transfer from Muni Metro Turnback Project	1,900,000	3%
TOTAL	\$68,504,053	

PROPOSED ATCS FINANCIAL PLAN

Federal Section 3 Rail Modernization	\$13,500,000	17%
Federal Section 9 Formula Replacement	17,200,000	22%
State Flexible Congestion Relief	3,553,154	4%
State Transit Capital Improvement	4,400,000	6%
State Rail Bonds - - Proposition 108	2,940,000	4%
State Rail Bonds - - Proposition 116 *	9,429,644	12%
Regional Bridge Toll Funds	2,952,670	4%
Local Transit Impact Development Fee	6,590,000	8%
Local Safe Harbor Lease Revenue	1,364,564	2%
SF Municipal Railway Improvement Corp.	1,721,021	2%
SFCTA Transportation Sales Tax	5,853,000	7%
Transfer from Light Rail Vehicles Project	8,500,000	11%
Transfer from Muni Metro Turnback Project	1,900,000	2%
TOTAL	\$79,904,053	

* Includes \$3,182,282 in pending ATCS grant funds

ATTACHMENT III

Contractor	Contract Amount	MBE/WBE Status	Equal Benefits Ordinance
Alcatel Canada	\$48,713,267	No	No - Bid date - 1992
Booz Allen & Hamilton	\$8,450,000	No - Contract requires 40% participation	Not required under contract *
Lea & Elliott	\$2,925,000	No - Contract requires 40% participation	Not required under contract *
Additional Consultant Support	\$4,000,000	No - Contract requires 40% participation	Not required under contract **

* Contractors are compliant with the Equal Benefits Ordinance

** Staff selection has been made, and contractor is compliant with the Equal Benefits Ordinance

Memo to Finance Committee
November 19, 1997 Meeting of Finance Committee

REVISED 11/17/97

Items 6 and 7 - Files 101-97-25 & 102-97-7

Department: Hetch Hetchy

Items: File 101-97-25: Supplemental appropriation from Hetch Hetchy Unappropriated Revenues for the establishment of a new Retail Power Accounts Program and for the creation of four new positions for Hetch Hetchy.

File 102-97-7: Amendment to the FY 1997-98 Annual Salary Ordinance to create four new positions for Hetch Hetchy Water.

**Amount of
Supplemental
Appropriation:**

\$265,518

DOCUMENTS DEPT.

NOV 17 1997

Source of Funds:

Sale of Electricity and Power

SAN FRANCISCO
PUBLIC LIBRARY

Description:

The Board of Supervisors previously approved an ordinance authorizing settlement of litigation regarding *Pacific Gas and Electric Company (PG&E) v. the City and County of San Francisco*. Under this 4 $\frac{1}{2}$ year settlement agreement, which began July 27, 1997 and ends December 31, 2001, PG&E has agreed to the following terms:

(1) Sales to Assigned Customers

Assigned customers are large PG&E industrial customers, such as factories, to whom the City sells the energy portion of electricity, not including transmission and distribution. Transmission and distribution are carried out by PG&E. PG&E will transfer 1,370,000 megawatt hours of industrial customer electricity sales to Hetch Hetchy for the term of the Settlement Agreement. PG&E made these sales to assigned customers available to Hetch Hetchy at the commencement of the Settlement Agreement on July 27, 1997. Sales to these customers will end December 31, 2001; and

(2) Sales to New Municipal Load Customers

Municipal Load Customers are City customers, including the Port, the Redevelopment Agency and Port tenants, who previously received electricity services from PG&E. PG&E will transfer twelve megawatts of municipal load customer accounts to Hetch Hetchy. The City will retain the non-energy portion of services to these new municipal load customers for perpetuity, although Hetch Hetchy will have to compete with other suppliers to provide the energy

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portion of electric service to these City customers, beginning at such time as alternate suppliers are available.

As a result of the Settlement Agreement, the following conditions will occur:

(1) Hetch Hetchy will be responsible for processing and billing approximately 1,000 new meters. Currently, Hetch Hetchy processes and bills 1,300 meters. Hetch Hetchy currently has two authorized positions to process and bill its 1,300 existing meters, according to Ms. Laurie Park of the PUC. Two of the requested new positions, the Special Assistant VII and the Special Assistant IX, will be responsible for processing and billing associated with the 1,000 new meters; and

(2) Hetch Hetchy will sell electricity for 240 retail accounts for the first time. Currently, Hetch Hetchy's only major retail customer is the City. One of the new positions, the Water and Power Specialist, will provide customer service and consulting for these new direct retail customers.

Hetch Hetchy is requesting one additional position, an Information Systems Senior Programmer, to: (1) develop and implement a retail electric billing system; and (2) perform programming activities related to the deregulation of the electrical industry. Ms. Park advises that all of the billing, processing and recordkeeping systems will need continual modification throughout the deregulation process.

The four new positions and the other costs being requested would be funded from revenues generated from the sale of electricity to these new retail customers. Hetch Hetchy estimates net revenues from the sale of electricity to these new customers will be \$3.1 to \$3.3 million annually. According to Ms. Park, sales to Assigned Customers will produce an additional estimated \$7,755,000 annually, although only for the term of the Settlement Agreement, from April 1, 1997 to December 31, 2001.

The proposed amendment to the Annual Salary Ordinance (File 102-97-7) would create four new positions at Hetch Hetchy, as noted above. The following table provides a breakdown of the annual salaries for the four positions at Step 1 and Step 5.

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No. of Positions	Classi- fication	Title	Step 1 (Biweekly- Annual)	Step 5 (Biweekly- Annual)
1	1063	Information Systems (IS) Senior Programmer	\$1,895 49,460	\$2,303 60,108
1	1366	Special Assistant VII	1,499 39,124	1,818 47,450
1	1368	Special Assistant IX	1,731 45,179	2,104 54,914
1	5633	Water & Power Specialist	2,371 61,883	2,882 75,220

Based on FY 1997-98 salary data, the total combined annual cost of the four positions would range from \$243,286 at Step 1, including salaries of \$195,646 and fringe benefits of \$47,640, to \$295,570 at Step 5, including salaries of \$237,692 and fringe benefits of \$57,878.

Budget:

The budget for the \$265,518 request for the period from December 1, 1997 to June 30, 1998 is as follows:

Personnel

1063 Sr. Programmer	\$33,984	
1366 Special Assistant VII	26,525	
1368 Special Assistant IX	30,943	
5633 Water and Power Specialist	<u>42,236</u>	
Total Salaries	\$133,688	
Fringe Benefits	<u>32,565</u>	
Total Personnel		\$166,253

Training

5,000

Materials and Supplies

Modular Furniture (4 staff x 4 pieces ea. x \$750)	12,000	
Electric Retail Billing Forms w/ City Seal	2,610	
Post Office Box for Remittances	450	
Mailing and Remittance Envelopes	1,000	
Electronic Transmitters (320 @ \$100 each)	32,000	
Billing Supplies	<u>455</u>	
Total Materials and Supplies		48,515

Equipment

Computers (5 @ \$3,500)	\$17,500	
Automatic Electric Meter Reader	5,000	
Microfilm Reader	3,250	
Electric Real Time Meters (5 @ \$3,000)	<u>15,000</u>	
Total Equipment		40,750

Department of Electricity Services

5,000

TOTAL

\$265,518

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Comments:

1. The budget for this proposed supplemental appropriation ordinance assumes that the 4.0 positions will be in place for 15.1 pay periods. However, the earliest that these positions could be in place would be at the beginning of January, 1998, with only 13 pay periods remaining in the year. Therefore, the proposed salary and fringe benefit costs should be reduced by \$23,121, including \$18,594 in salaries and \$4,527 in fringe benefits.

2. As noted under the heading "(2) Sales to New Municipal Load Customers" in the Description section of this report, the City must compete to retain the energy portion of the services provided to Municipal Load Customers after the end of the 4¹/₂ year Settlement Agreement. Also, retail electricity prices are likely to change as a result of deregulation. Hetch Hetchy estimates that annual revenues generated by the sale of electricity from new customers will continue to exceed the annual cost of the requested four new positions by at least \$1.4 million. However, the amount of revenue that will be generated by the new customers after the end of the agreement, and whether or not the revenue from the new customers that Hetch Hetchy obtained under the Settlement Agreement will continue to support the cost of these four new positions, is uncertain.

The Budget Analyst considered a recommendation to designate these positions as Limited Tenure, since the amount of ongoing revenues to be generated by the four requested new positions under the Settlement Agreement is uncertain and future Hetch Hetchy revenues may be impaired by deregulation. However, the Department has justified the need for permanent positions based on the recruiting difficulty that would be created by a Limited Tenure designation.

3. The \$5,000 in training costs would provide \$1,250 for each of the four requested new positions to support the costs of attendance at seminars and workshops regarding the electric industry restructuring, sponsored by the California Municipal Utilities Association and other utility experts.

4. The five computers include one for each new position and one terminal to be located in the PUC's Customer Service Bureau to process receipts.

5. The additional equipment expenditures will allow Hetch Hetchy to replace inconveniently located electrical meters

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with meters that can be read by remote access. The equipment includes both the new meters themselves and the remote meter reading equipment. The amounts included for this equipment are based on vendor quotes provided to Hetch Hetchy, Ms. Park advises.

Recommendations:

1. Reduce the proposed supplemental appropriation ordinance by \$23,121, from \$265,518 to \$242,397, in accordance with Comment 1, above (File 101-97-25).
2. Approve the proposed amendment to the Annual Salary Ordinance (File 102-97-7).
3. Approve the proposed ordinances as amended.

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Items 6 and 7 - Files 101-97-25 & 102-97-4

Department: Hetch Hetchy

Items: File 101-97-25: Supplemental appropriation from Hetch Hetchy Unappropriated Revenues for the establishment of a new Retail Power Accounts Program and for the creation of four new positions for Hetch Hetchy.

File 102-97-9: Amendment to the FY 1997-98 Annual Salary Ordinance to create four new positions for Hetch Hetchy Water.

Amount of Supplemental Appropriation: \$265,518

Source of Funds: Sale of Electricity and Power

Description: The Board of Supervisors previously approved an ordinance authorizing settlement of litigation regarding *Pacific Gas and Electric Company (PG&E) v. the City and County of San Francisco*. Under this 4½ year settlement agreement, which began July 27, 1997 and ends December 31, 2001, PG&E has agreed to the following terms:

(1) Sales to Assigned Customers

Assigned customers are large PG&E industrial customers, such as factories, to whom the City sells the energy portion of electricity, not including transmission and distribution. Transmission and distribution are carried out by PG&E. PG&E will transfer 1,370,000 megawatt hours of industrial customer electricity sales to Hetch Hetchy for the term of the Settlement Agreement. PG&E made these sales to assigned customers available to Hetch Hetchy at the commencement of the Settlement Agreement on July 27, 1997. Sales to these customers will end December 31, 2001; and

(2) Sales to New Municipal Load Customers

Municipal Load Customers are City customers, including the Port, the Redevelopment Agency and Port tenants, who previously received electricity services from PG&E. PG&E will transfer twelve megawatts of municipal load customer accounts to Hetch Hetchy. The City will retain the non-energy portion of services to these new municipal load customers for perpetuity, although Hetch Hetchy will have to compete with other suppliers to provide the energy

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portion of electric service to these City customers, beginning at such time as alternate suppliers are available.

As a result of the Settlement Agreement, the following conditions will occur:

(1) Hetch Hetchy will be responsible for processing and billing approximately 1,000 new meters. Currently, Hetch Hetchy processes and bills 1,300 meters. Hetch Hetchy currently has two authorized positions to process and bill its 1,300 existing meters, according to Ms. Laurie Park of the PUC. Two of the requested new positions, the Special Assistant VII and the Special Assistant IX, will be responsible for processing and billing associated with the 1,000 new meters; and

(2) Hetch Hetchy will sell electricity for 240 retail accounts for the first time. Currently, Hetch Hetchy's only major retail customer is the City. One of the new positions, the Water and Power Specialist, will provide customer service and consulting for these new direct retail customers.

Hetch Hetchy is requesting one additional position, an Information Systems Senior Programmer, to: (1) develop and implement a retail electric billing system; and (2) perform programming activities related to the deregulation of the electrical industry. Ms. Park advises that all of the billing, processing and recordkeeping systems will need continual modification throughout the deregulation process.

The four new positions and the other costs being requested would be funded from revenues generated from the sale of electricity to these new retail customers. Hetch Hetchy estimates net revenues from the sale of electricity to these new customers will be \$3.1 to \$3.3 million annually. According to Ms. Park, sales to Assigned Customers will produce an additional estimated \$7,755,000 annually, although only for the term of the Settlement Agreement, from April 1, 1997 to December 31, 2001.

The proposed amendment to the Annual Salary Ordinance (File 102-97-5) would create four new positions at Hetch Hetchy, as noted above. The following table provides a breakdown of the annual salaries for the four positions at Step 1 and Step 5.

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No. of <u>Positions</u>	Classi- <u>fication</u>	<u>Title Annual)</u>	Step 1 (Biweekly- <u>Annual)</u>	Step 5 (Biweekly-
1	1063	Information Systems (IS) Senior Programmer	\$1,895 49,460	\$2,303 60,108
1	1366	Special Assistant VII	1,499 39,124	1,818 47,450
1	1368	Special Assistant IX	1,731 45,179	2,104 54,914
1	5633	Water & Power Specialist	2,371 61,883	2,882 75,220

Based on FY 1997-98 salary data, the total combined annual cost of the four positions would range from \$243,286 at Step 1, including salaries of \$195,646 and fringe benefits of \$47,640, to \$295,570 at Step 5, including salaries of \$237,692 and fringe benefits of \$57,878.

Budget:

The budget for the \$265,518 request for the period from December 1, 1997 to June 30, 1998 is as follows:

Personnel

1063 Sr. Programmer	\$33,984	
1366 Special Assistant VII	26,525	
1368 Special Assistant IX	30,943	
5633 Water and Power Specialist	42,236	
Total Salaries	\$133,688	
Fringe Benefits	<u>32,565</u>	
Total Personnel		\$166,253

Training

5,000

Materials and Supplies

Modular Furniture (4 staff x 4 pieces ea. x \$750)	12,000	
Electric Retail Billing Forms w/ City Seal	2,610	
Post Office Box for Remittances	450	
Mailing and Remittance Envelopes	1,000	
Electronic Transmitters (320 @ \$100 each)	32,000	
Billing Supplies	<u>455</u>	
Total Materials and Supplies		48,515

Equipment

Computers (5 @ \$3,500)	\$17,500	
Automatic Electric Meter Reader	5,000	
Microfilm Reader	3,250	
Electric Real Time Meters (5 @ \$3,000)	<u>15,000</u>	
Total Equipment		40,750

<u>Department of Electricity Services</u>		<u>5,000</u>
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TOTAL		\$265,518
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Comments:

1. The budget for this proposed supplemental appropriation ordinance assumes that the 4.0 positions will be in place for 15.1 pay periods. However, the earliest that these positions could be in place would be at the beginning of January, 1998, with only 13 pay periods remaining in the year. Therefore, the proposed salary and fringe benefit costs should be reduced by \$23,121, including \$18,594 in salaries and \$4,527 in fringe benefits.

2. As noted under the heading "(2) Sales to New Municipal Load Customers" in the Description section of this report, the City must compete to retain the energy portion of the services provided to Municipal Load Customers after the end of the 4 1/2 year Settlement Agreement. Also, retail electricity prices are likely to change as a result of deregulation. Hetch Hetchy estimates that annual revenues generated by the sale of electricity from new customers will continue to exceed the annual cost of the requested four new positions by at least \$1.4 million. However, the amount of revenue that will be generated by the new customers after the end of the agreement, and whether or not the revenue from the new customers that Hetch Hetchy obtained under the Settlement Agreement will continue to support the cost of these four new positions, is uncertain.

The Budget Analyst considered a recommendation to designate these positions as Limited Tenure, since the amount of ongoing revenues to be generated by the four requested new positions under the Settlement Agreement is uncertain and future Hetch Hetchy revenues may be impaired by deregulation. However, the Department has justified the need for permanent positions based on the recruiting difficulty that would be created by a Limited Tenure designation.

3. The \$5,000 in training costs would provide \$1,250 for each of the four requested new positions to support the costs of attendance at seminars and workshops regarding the electric industry restructuring, sponsored by the California Municipal Utilities Association and other utility experts.

4. The five computers include one for each new position and one terminal to be located in the PUC's Customer Service Bureau to process receipts.

5. The additional equipment expenditures will allow Hetch Hetchy to replace inconveniently located electrical meters

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with meters that can be read by remote access. The equipment includes both the new meters themselves and the remote meter reading equipment. The amounts included for this equipment are based on vendor quotes provided to Hetch Hetchy, Ms. Park advises.

- Recommendations:**
1. Reduce the proposed supplemental appropriation ordinance by \$23,121, from \$265,518 to \$242,397, in accordance with Comment 1, above (File 101-97-25).
 2. Approve the proposed amendment to the Annual Salary Ordinance (File 102-97-4).
 3. Approve the proposed ordinances as amended.

Items 8 and 9 - Files 101-97-27 and 102-97-8

Department: Department of Public Works (DPW)

Item: Supplemental appropriation ordinance to fund salaries, supplies and equipment for cleaning services in the Bayview and Tenderloin areas and the creation of one new position (File 101-97-27).

Salary ordinance amendment to create one new position of Environmental Control Officer (Class 8280) in the Department of Public Works (File 102-97-8).

Amount: \$755,000

Source of Funds: \$695,000 - Third Street Cleanup General Fund Reserve
60,000 - Tenderloin Task Force General Fund Reserve
\$755,000 - Total

Budget:	Salaries - Miscellaneous	\$19,893
	Salaries - Temporary	312,492
	Fringe Benefits	4,695
	Professional Services	5,000
	Materials and Supplies	82,920
	Equipment	60,000
	Services of Other Departments	<u>270,000</u>
	Total	\$755,000

Description: During the FY 1997-98 budget deliberations, the Board of Supervisors established two General Fund Reserves including (1) a \$695,000 Third Street Cleanup Reserve for neighborhood beautification and additional street cleaning in the Bayview/Hunters Point area and (2) a \$60,000 Tenderloin Task Force Reserve for additional street cleaning in the Tenderloin neighborhood. The proposed supplemental appropriation (File 101-97-27) would appropriate the funds established in those two Reserves in order to finance the proposed projects in these two neighborhoods and to create one new position in the Department of Public Works (DPW).

The proposed amendment to the Annual Salary Ordinance (File 102-97-8) would establish one new 8280 Environmental Control Officer. The following table shows the Step 1 and Step 5 salary for the proposed one new Environmental Control Officer position for the DPW:

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<u>Classification</u>	<u>Title</u>	Step 1 Salary Biweekly and <u>Annual</u>	Step 5 Salary Biweekly and <u>Annual</u>
8280	Environmental Control Officer	\$1,326 34,609	\$1,607 41,943

Based on FY 1997-98 salary data, the annual cost of this position would range from \$42,776 at Step 1, including an annual salary of \$34,609 and fringe benefits of \$8,167 to \$51,842 at Step 5, including an annual salary of \$41,943 and fringe benefits of \$9,899.

Bayview Hunters Point Beautification and Street Cleaning Services Project. This project would be funded by the Third Street Cleanup General Fund Reserve of \$695,000.

The Attachment provided by DPW shows the detailed budget of \$695,000 for this Bayview Hunters Point Beautification and Street Cleaning Services Project.

Representatives from DPW have met with representatives from the Bayview Hunters Point community to develop the following elements for the Bayview Hunters Point Beautification and Street Cleaning Services Project:

- Planting 100 trees at a cost of \$450 per tree, including installing basin covers or bases for each tree (included in the Supplies and Salary costs in the attached budget);
- Repairing 8,333 square feet of sidewalk;
- Installing or replacing 100 litter receptacles at a cost of \$350 per receptacle (included in the Supplies cost in the attached budget);
- Providing 40 hours per month of sidewalk steam cleaning;
- Constructing 177 curb ramps;
- Providing twice weekly street flushing service;
- Providing dedicated manual sweepers six days per week;
- Increasing litter law education and enforcement; and
- Increasing workfare crews in the area.

Tenderloin Extra Cleaning Services Project. This project would be funded by the Tenderloin Task Force General Fund Reserve of \$60,000.

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The budget for this project is as follows:

Temporary Salaries	\$57,554
7514 - Laborer (Approx. 1,853 hrs @ \$31.06 per hr)	
Materials and Supplies	<u>2,446</u>
Total	\$60,000

Representatives from DPW met with representatives from the Tenderloin neighborhood to develop the following Tenderloin Extra Cleaning Services Project with the proposed funds:

- Providing sidewalk steam cleaning twice annually;
- Providing high pressure hot wash of sidewalks weekly;
- Providing twice weekly street flushing service;
- Increase mechanical street sweeping by one day (pending outcome of a public hearing);
- Increase manual street and sidewalk sweeping to six days per week;
- Providing dedicated "Green Machine" sweeper five days per week;
- Placing additional Public Litter Receptacles in area at a cost of \$350 per receptacle (included in above Materials and Supplies budget);
- Increasing litter law education and enforcement.

According to DPW, the increased level of mechanical street sweeping in the Tenderloin will be funded from the DPW's existing budget through more efficient scheduling efforts. Other than the mechanical street sweeping, the other proposed labor costs for the Tenderloin Extra Cleaning Services Project would be funded with the approximately 1,853 hours of a 7514 Laborer, through the Temporary Salaries account.

Comments:

1. According to Mr. John Busher of the DPW, the Department filled the one proposed Environmental Control Officer position in June, 1997 and has been funding this position with Temporary Salary funds in DPW's budget. The Environmental Control Officer is responsible for educating the public regarding the City's litter laws, working with the merchants to ensure that areas are cleaned up and for maintaining such enforcement, through the issuance of citations. Although this position would primarily be assigned to the Bayview Hunters Point area, in addition, this one new Environmental Control Officer

would provide back-up support to the City's other six Environmental Control Officers, who work throughout the City.

2. The proposed supplemental appropriation includes seven months of Permanent Salary funding for this one new Environmental Control Officer position. In addition to hiring the Environmental Control Officer, Mr. Busher also reports that other parts of the Bayview Hunters Point Beautification and Street Cleaning Project began in October, 1997 with the provision of additional steam cleaning services. According to Mr. Busher, the proposed supplemental appropriation would be expended through the remainder of Fiscal Year 1997-98.

3. In addition, Mr. Busher reports that the Tenderloin Extra Cleaning Services Project began in October of 1997 and is anticipated to extend through the end of the fiscal year. According to Mr. Busher, there have been manual sweepers deployed in the Tenderloin, through the City's workfare program and DPW has used the new "Green Machines", which are mechanical walk-behind sweepers to more efficiently clean the sidewalks and streets in the Tenderloin.

4. The proposed supplemental appropriation would also fund Temporary Salaries of \$254,929 for the Bayview Hunters Point Beautification and Street Cleaning Project. Included in these Temporary Salary funds, are monies to fund 2,000 hours for 7215 Laborer Supervisor positions which would be used to oversee welfare recipients on a seven day per week workfare program to clean the streets in the Bayview Hunters Point area. According to Mr. Busher, DPW intends to include funds in their FY 1998-99 budget to add one new Permanent 7215 Laborer Supervisor position to continue these activities. Mr. Busher reports that the other Temporary Salary positions are not anticipated to be needed on a continuing basis, because they would be used to specifically construct the curb ramps, plant trees and repair sidewalks, as part of this project.

5. The proposed budget for the Bayview Hunters Point Beautification and Street Cleaning Services Project includes \$60,000 to purchase two new pick-up trucks at \$30,000 per truck. Mr. Busher reports that the one new Environmental Control Officer would be assigned use of the smaller of these pick-up trucks and the 7215 Temporary Laborer Supervisor position would be assigned use of the

larger pick-up truck, in order to transport workfare participants to their job sites. Although funding for the Temporary Laborer Supervisor position is anticipated to end at the end of June, 1997, the DPW reports that they will be requesting continued funding for this position and Mr. Busher further reports that DPW is currently renting three pick-up trucks, with their existing budgeted funds for the workfare program. According to Mr. Busher, at least one of the existing rented trucks will not be required when the two new pick-up trucks are acquired. Mr. Busher estimates that the ongoing costs for these two pick-up trucks would be approximately \$9,000 per year, including fuel and maintenance. Mr. Busher reports that the DPW has sufficient funds to maintain these vehicles during the current fiscal year, although Mr. Busher reports that next year's DPW budget would need to be adjusted accordingly.

6. The proposed amendment to the Annual Salary Ordinance (File 102-97-8) includes a Compensation Schedule of \$1,895 to \$2,303 biweekly for the one new 8280 Environmental Control Officer position. However, the FY 1997-98 Compensation Manual includes a biweekly rate of \$1,326 to \$1,607 for the 8280 Environmental Control Officer, which was confirmed by the Department of Human Resources as the correct compensation rates for this position. Therefore, the proposed amendment to the Annual Salary Ordinance (File 102-97-8) should be amended to include the correct biweekly compensation rates of \$1,326 to \$1,607 for the Environmental Control Officer.

Recommendations:

1. Amend the Annual Salary Ordinance (File 102-97-8) to reflect the correct biweekly compensation rates for the Environmental Control Officer position, as discussed above in Comment #6.

2. Approval of the proposed Annual Salary Ordinance (File 102-97-8) and the proposed supplemental appropriation ordinance (File 101-97-27) are policy matters for the Board of Supervisors because both of the two projects have already been partially initiated prior to approval of this legislation by the Board of Supervisors and DPW intends to include funds in their FY 1998-99 budget to add one new Permanent 7215 Laborer Supervisor position to continue these activities in future years.

Bayview Hunters Point Beautiflcation and Street Cleaning Services Project

Position	Hours	Hrly Rate	Amount
<u>Temporary Salaries</u>			
7215 - Laborer Supervisor	2,000	\$40.98	\$81,964
7355 - Truck Driver	1,730	43.42	75,124
7514 - Laborer	3,150	31.06	97,841
Total Temporary Salaries	6,880		\$254,929

<u>Permanent Salaries</u>			
1 - 8280 Environmental Control Officer (Step 1) 7 Months MFB at 23.6%	19,893		
	4,695		
Total Permanent Salaries		24,587	
Other Services (rental of specialized tools & equipment)		5,000	

Supplies (materials, agricultural supplies, tools, etc)		80,484	
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<u>Equipment</u>			
1 - Crew cab pick-up w/ dump bed & 2- way radio	30,000		
1 - Pick-up truck with 2-way radio	30,000		
Total Equipment		60,000	

381/081 VVB Services of the Bureau of Building Repair (BBR) (* see attached budget)			
Construct curb ramps and repair sidewalks)		270,000	
Total Request		\$695,000	

*** BBR Budget**

Position	Hours	Hrly Rate	Amount
227 - Cement Supervisor	500	\$63	\$31,715
111 - Cement Mason	2,000	45.78	91,560
14 - General Laborer	2,000	31.06	62,120
55 - Truck Driver	700	43.42	30,397
Total Labor	5,200		\$215,792
Materials and Supplies			54,208
Total BBR - Curb Ramps and Sidewalk repair			\$270,000

Item 10 - File 106-97-1.1

Department: Trial Courts

Item: Ordinance to amend Ordinance No. 275-97 setting schedules of compensation and other economic benefits for FY 1997-98 for certain classifications of persons employed by the Superior and Municipal Courts (Trial Courts) for the City and County of San Francisco.

Description: In June, 1997, the Board of Supervisors approved an ordinance (Ordinance 275-97) setting the schedules of compensation and other economic benefits for FY 1997-98 for certain classifications of persons employed by the Trial Courts. This previously approved ordinance was adopted pursuant to California Government Code Sections 69900 and 74504.5, although the provisions were modeled after the City's Memoranda of Understanding with comparable labor groups.

The proposed ordinance would amend Ordinance No. 275-97 by adding Section VIII.F to state that employees who have received a word processing premium continuously from FY 1994-95 to the present shall continue to receive a \$.91 per hour premium above the salary to which they are entitled, for such time as they are assigned to and actually work with word processing equipment. As stated in the proposed ordinance, word processing is defined as the clerical process of typing documents into a computerized memory and printing system, revising and editing said documents, and retrieving a completed document from said system. According to the proposed definition, word processing does not include data entry operations.

The proposed ordinance would also amend Section IX.B, C and D of the above-noted ordinance to delete reference to a Traffic Hearing Officer (Classification 650), who, under the prior legislation approved by the Board of Supervisors, was not to receive (1) a one-time retroactive pay increase of two percent for FY 1996-97 (Section IX.B), (2) a one-time lump sum equity adjustment equal to two percent of the gross wages earned in FY 1996-97 (Section IX.C) and (3) effective July 1, 1997, an additional ongoing two percent wage increase in gross wages (Section IX.D).

Comments: 1. Ms. Kate Harrison of the Trial Courts reports that the word processing premium and the wage increases for the Traffic Hearing Officer, which are the subjects of the proposed ordinance, were authorized as part of the

previously negotiated package that was submitted to the Board of Supervisors for approval. However, according to Ms. Harrison, the word processing premiums and wage increases were inadvertently omitted, due to clerical error, from the prior legislation approved by the Board of Supervisors.

2. Ms. Harrison reports that there are two employees that are affected by the word processing premium and there is one employee affected by the Traffic Hearing Officer pay increase as discussed in the Description section of this report. Ms. Harrison calculated that in Calendar Year 1996, the word processing premium resulted in total payments of \$1,756 to the two employees that were eligible to receive these additional payments. According to Ms. Harrison, the proposed inclusion of the word processing premium in the subject ordinance would result in comparable payments to these two employees in future years. In addition, the one Traffic Hearing Officer that would be affected by the proposed ordinance would receive a one-time payment totalling \$1,259 and ongoing annual additional payments of \$2,518, if the proposed ordinance is approved.

3. According to Ms. Peg Stevenson of the Controller's Office, because the proposed changes were intended to be included in the original ordinance and were simply omitted due to clerical error, the Controller's Office has already included the costs of the proposed ordinance in the previously calculated costs for setting the schedules of compensation and other economic benefits for Trial Court employees for FY 1997-98. Therefore, Ms. Stevenson reports that approval of the proposed ordinance would not result in any additional costs to the City.

Recommendation: Approve the proposed ordinance.

Item 11 - File 93-96-30.2

Note: This item was continued by the Finance Committee at its meeting of August 6, 1997. At that time, the Department of Human Resources was directed to continue negotiations with the Police Officers Association on the inclusion of Peace Officer Standards and Training (POST) premiums in final compensation calculations for the purpose of setting future Police Officer retirement benefits. The results of the recent negotiations since the last hearing of this item by the Finance Committee are described in Comment 1 to this report.

Department: Department of Human Resources
Employee Relations Division

Item: Ordinance implementing the provisions of Amendment No. 1 to the Memorandum of Understanding (MOU) between the San Francisco Police Officers Association, Local 911, Service Employees International Union (SEIU) and the City and County for Bargaining Units P-1, P-2A and P-2B, effective July 1, 1997 through June 30, 2001.

Description: In October, 1996, the Board of Supervisors approved an MOU with the Police Officers Association (POA) for the five-year period from July 1, 1996 through June 30, 2001. The original MOU contained a provision that the MOU would be reopened on January 15, 1997 in order to negotiate alternative retirement benefits if a proposed Charter Amendment, Proposition E, submitted to the voters in November of 1996, was not approved by the electorate. Proposition E would have allowed collective bargaining on retirement benefits for all City employees. Since the proposed Charter amendment was not adopted, the POA and the City have met and conferred to negotiate alternatives for improving retirement benefits for the uniform personnel of the Police Department. The results of this negotiation are reflected in this proposed ordinance.

The original MOU provided for a 2.75% annual salary increase for Police Officers for three Fiscal Years (1996-97 through 1998-99). In 1999, the MOU will be reopened to permit negotiations concerning salary provisions for the last two years of the agreement (1999-2000 and 2000-01) and any other issues proposed by the City.

In addition to the salary increases, the MOU changed the premium pay for educational incentives. Police Officers with intermediate Peace Officer Standards and Training (POST) certificates, who previously received a flat rate of \$30 biweekly in premium pay, are to be paid a premium of three percent of their base salaries beginning October 4, 1997 and,

beginning October 1, 1998, be paid a premium of four percent of base salaries. For Police Officers holding an advanced POST certificate, the premium pay increased from the present flat rate amount of \$60 biweekly to 4.5 percent of their base pay beginning October 1, 1997 and six percent of their base pay effective October 1, 1998.

**Earlier
Implementation of
POST Premium
Increases and
Conversion of
POST Premium to
Base Wage
Increase in Order
to Increase
Retirement
Benefits**

This proposed First Amendment to the MOU would implement the first increase in intermediate and advanced-level POST premium pay, which was originally scheduled for October 4, 1997, to instead be retroactive to April 5, 1997, or six months earlier than had been previously approved by the Board of Supervisors.

The second increase, originally scheduled for October 1, 1998, would be implemented effective July 1, 1997, or 15 months earlier than had been previously approved by the Board of Supervisors. However, instead of providing this second increase in the form of an increase to the POST premium, effective July 1, 1997, all Police Officers with an intermediate POST certificate would receive a new higher rank and a four percent increase in their base pay in lieu of the four percent premium pay, and Police Officers with an advanced POST certificate would receive a new higher rank and a six percent increase in their base pay in lieu of the six percent premium pay. For example, a Q2 Police Officer with an intermediate POST certificate would become a Q3 Police Officer II at a four percent higher base pay and a Q2 Police Officer with an advanced POST certificate would become a Q4 Police Officer III with a six percent higher base pay. In other words, the proposed amendment to the POA MOU would convert the POST premiums to increases in the base pay of Police Officers who have POST certification.

The proposed MOU amendment, as described above, would result in increased costs to the City because:

- The percentage increases for POST certificate holders would be implemented earlier than was originally agreed to in the POA MOU, previously approved by the Board of Supervisors.
- Increases to base rates of pay would also result in increases in overtime costs (if overtime is authorized for POST certificate holders) and fringe benefits that would not be incurred if POST certificate holders continued to receive premium pay instead of base pay increases. Overtime costs are based on 1.5 times the base pay rate, so increases to base pay also increase Overtime costs.

- The City's retirement contribution costs would increase because Tier 1 Police Officers (those hired before November, 1976) and Tier 2 Police Officers (hired subsequent to a November, 1976 Charter Amendment that significantly lowered Police Retirement benefits) who hold POST certificates would receive increased retirement benefits based on the pay increases associated with the holders of POST certificates. Currently, the premiums paid to holders of POST certificates are not included in retirement benefit calculations.

Wellness Program The subject first amendment to the POA MOU would also establish a "Wellness Program" within the San Francisco Police Department. Under this program, covered employees with accrued sick leave of at least 300 hours, who use 30 hours or less of sick leave in a given year, would be entitled to cash out 50 hours of sick leave accrued during that fiscal year. Such payments by the City to the covered employee would not be considered as part of an employee's salary for the purpose of computing retirement benefits.

Estimated Cost The proposed First Amendment to the POA MOU would have a fiscal impact on the City's General Fund and on the Retirement System. The Controller estimates that the subject ordinance would result in an incremental cost to the City's General Fund of approximately \$2,867,779 in FY 1997-98 and approximately \$282,088 in FY 1998-99, for a total cumulative cost, after rounding, of \$6,017,647 over the next two years of the POA MOU. The MOU contains a wage reopener for the last two fiscal years, FY 1999-2000 and FY 2000-2001, so the Controller has not estimated costs for these last two years of the MOU. A copy of the Controller's cost estimate is shown in Attachment No. 1 to this report. This estimate covers the estimated costs of early implementation of the POST premium increases, related increases to overtime and fringe benefits, and the anticipated cost of the Wellness Program. The Controller's cost estimate also shows the annual wage, premium and fringe benefit costs under the existing POA MOU provisions, and the combined, cumulative total added costs of the wage, premium and fringe benefit costs of the existing POA MOU and this subject First Amendment.

The Controller advises that the costs associated with this subject First Amendment to the POA MOU could increase if either of the following occur: (1) A greater proportion of Police Officers obtain POST certification. Currently approximately 60 percent of Police Officers hold POST certificates; or (2) More than 50 percent of eligible Police

Officers cash out 50 hours annually under the proposed Wellness Program.

The Controller also notes that a portion of the cost of the Wellness Program could be offset through savings in overtime pay related to backfilling of sick days, depending on usage and on management discretion.

The Budget Analyst concurs with the Controller's analysis and cost estimate.

The proposed ordinance would also increase retirement benefits for Police Officers with POST certificates, because of their higher base wages. Mr. Kieran Murphy of the Retirement System states that if 60 percent of Police Officers continue to hold POST certificates, the retirement-related cost of the change would be approximately \$2.1 million per year, and would increase as salaries rise pursuant to current and future POA MOUs. Mr. Murphy advises that, if all Police Officers were to obtain an Advanced POST certificate, the increased retirement cost would be approximately \$3.6 million per year, increasing as salaries rise, until the unfunded liability is paid off in 20 years, when the increased cost would be approximately \$1.6 million per year.

According to Mr. Murphy, because the Retirement System is currently overfunded, the new costs associated with this proposal could be absorbed for approximately 15 years at no cost to the General Fund. In years 16 to 20, the City would have an annual estimated cost of \$3.6 million, adjusted for salary increases. After 20 years, when the associated unfunded liability is paid off, the estimated increased cost would decrease to the level of approximately \$1.6 million per year. In a memorandum from Mr. Murphy included as Attachment No. 2 to this report, Mr. Murphy advises that the cost estimates related to the Retirement System include the Airport Police.

Comments:

1. The negotiation of this MOU amendment that has taken place since the proposed ordinance was last heard by the Finance Committee has resulted in two additional provisions that potentially become effective if, during the term of the MOU (1996-2001) a Charter Amendment is placed before the voters modifying the Police Tier 2 retirement plan to conform to the changes in the Fire Tier 2 retirement plan adopted by the voters in November, 1996. (Tier 1 Police Officers are those hired before November, 1976. Tier 2 Police Officers are those hired subsequent to a November, 1976 Charter Amendment that significantly lowered Police Retirement

benefits.) Should a Charter Amendment be placed before the voters, the City, at its option, could elect to include the following provisions which shall be applicable to both Tier 1 and Tier 2 retirement Plans:

- The inclusion of pay attributed solely to POST certification in the calculation of final compensation for retirement purposes will be capped. The limits will be the proposed four percent for Intermediate Post Certification and six percent for Advanced Post Certification. Therefore if pay differentials for POST certification increase to higher levels in the future, such increases will not result in higher retirement benefits.
- No Police Officer would receive improved retirement benefits because of pay attributed to POST certification unless the Officer possessed the POST certificate (either intermediate or advanced) for a minimum of four years prior to their retirement date.

2. Retirement benefits for workers covered by the subject POA MOU are set in the Charter. As noted above, Proposition E, which would have, among other features, allowed collective bargaining on retirement benefits, was disapproved by the electorate in November of 1996. The subject Amendment No. 1 to the POA MOU would increase retirement benefits as a result of wage increases. The wage increases are based on conversion of the existing POST premiums into base salary increases. As such, the proposed Amendment No. 1 represents an indirect method of obtaining retirement benefit increases through collective bargaining of wage increases.

3. The proposed ordinance would not effect the retirement benefits of former Police Department sworn employees who have already retired.

4. Ms. Peg Stevenson of the Controller's Office states that the increased FY 1997-98 General Fund costs would be funded from the Salary and Benefits Reserve as established in the FY 1997-98 annual budget.

5. This proposed amendment to the MOU would improve retirement benefits for both Tier 1 and Tier 2 Police Officers, unlike the voter approved Firefighters retirement benefit improvement that only affected Tier 2 Firefighters.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.



CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER

Edward Harrington
ControllerJohn W. Madden
Chief Assistant Controller

July 18, 1997

Mr. John L. Taylor, Clerk of the Board
Board of Supervisors
401 Van Ness Avenue
San Francisco, CA 94102

RE: Police Officers' Association MOU

Dear Mr. Taylor:

In accordance with Ordinance 92-94, I am submitting a cost analysis of an amendment to the MOU between the City and County of San Francisco and Local 911 SEIU Police Officers' Association. The amendment covers the period of July 1, 1997 through June 30, 2001, and affects approximately 1,250 of the 2,100 uniformed employees of the Police Department.

Based on our analysis, this amendment will result in estimated incremental costs of approximately \$2,868,000 in FY 1997-98, and \$282,000 in 1998-99. The existing MOU between the City and POA Local 911 already contains wage, premium pay and fringe benefit cost increases totaling approximately \$4.4 million in FY 1997-98 and \$4.6 million in FY 1998-99. Overall, the increased cost to the City of the existing MOU, and the proposed amendment, is an estimated \$7.3 million in FY 1997-98 and \$4.9 million in FY 1998-99. The estimated cumulative incremental costs of the MOU provisions and the proposed amendment over these two years of the current five year contract would be approximately \$19.5 million. Our cost analysis focuses on FY 1997-98 and FY 1998-99 as there are reopeners on salaries and other issues that would affect costs in the remaining years of the MOU. Finally, based on estimates by the Retirement System, the proposed amendment would increase retirement costs by between \$2 million and \$3.6 million annually. Specific provisions of the proposed amendment are described below, and Attachment A details the associated cost increases.

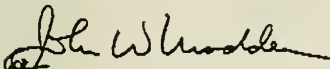
Change to P.O.S.T. Premium Pay: Approximately 1,250 officers are now receiving premium pay of \$30 or \$60 biweekly through attainment of Intermediate or Advanced Police Officer Standardized Training (P.O.S.T.) certification. The MOU currently specifies that the amount of the P.O.S.T. premium will change from the flat rates of \$30 or \$60 bi-weekly to 3% or 4.5% of base pay beginning in October 1997, and increasing to 4% or 6% of base pay in October 1998. The amendment would provide instead that officers will be retroactively paid at the 3% or 4.5% premium rate for the period from April 5, 1997 to July 1, 1997, and that officers will be paid at the 4% or 6% premium rate beginning July 1, 1997. As a practical matter, the proposed amendment would create new ranks at all levels and assign those officers who possess P.O.S.T. certificates to those ranks, i.e., a Q-2 Officer with an intermediate certificate will become a Q-3, and an officer with an advanced certificate will become a Q-4.

Under the amendment, P.O.S.T. increases would be included in current officers' base pay for purposes of calculating retirement benefits, but would not constitute an increase in benefits for retired officers. The Retirement System has estimated that this proposal will increase retirement costs by approximately \$2.0 million annually given the current number of personnel holding P.O.S.T. certification, increasing to an estimated \$3.6 million annually if up to 100 percent of personnel earn advanced P.O.S.T. certification.

"Wellness" Program: The amendment establishes a "Wellness" Program which allows officers who have accumulated 300 hours of sick leave, and who use less than 30 hours of sick leave in a fiscal year, to cash out up to 50 hours of sick leave annually at the end of the fiscal year. The cost of this program may be partially offset by savings due to decreased use of sick days and an associated decrease in use of overtime hours. However, the extent of the savings would largely depend on the department's management discretion in using overtime personnel. We have not included savings under this program in our cost estimate.

If you have any additional questions or concerns please contact John Madden at 554-7500.

Sincerely,



Edward M. Harrington
Controller

cc: Vicki Rambo, ERD
Harvey Rose, Budget Analyst

**P.O.S.T Premium Change
Police Officers' Association MOU Amendment ¹
Estimated Costs 1997-98 through 1998-99
Controller's Office**

<u>Annual Incremental Costs/(Savings)</u>	<u>FY1997-98</u>	<u>FY 1998-99</u>
P.O.S.T Premiums²		
Intermediate Certificate	\$233,042	\$30,027
Advanced Certificate	1,627,783	228,485
Related Fringe Benefits	169,707	23,576
Overtime Cost	436,000	0
"Wellness" Program ³	401,246	0
Total Estimated Incremental Costs	<u>2,867,779</u>	<u>282,088</u>
Annual Amount Above Current Provisions	2,867,779	3,149,867
Cumulative Total Above Current Provisions		\$6,017,647
Incremental Cost % of Salary Base	2.34%	0.22%
Added Annual Wage, Premium, & Fringe Benefit Costs Under Existing MOU Provisions	<u>4,433,158</u>	<u>4,649,680</u>
Total Incremental MOU and Amendment Costs	<u>7,300,937</u>	<u>4,931,768</u>
Annual Amount of MOU and Amendment Costs	7,300,937	12,232,705
Cumulative Total Added Costs		\$ 19,533,643
Overall Incremental Cost % of Salary Base	5.96%	3.89%

Notes

¹ The MOU contains a wage reopener in fiscal years 1999-2000 and 2000-2001. We have not included any cost estimates for these final years of the MOU.

² Amounts are based on the approximately 60% of SFPD members who currently hold P.O.S.T. certifications. As additional members gain certification, costs will increase. For example, if an additional 20% of members achieved advanced P.O.S.T certifications by July 1, 1998, the salary and fringe benefit cost to the city under the proposed MOU amendment would increase by approximately \$813,000 annually beginning in FY 1998-99.

³ Assuming that 60% of eligible officers cash out 50 hours annually. A portion of the cost of the Wellness Program could be offset through savings in sick pay and overtime pay, depending on usage and on management discretion.

City and County of San Francisco

San Francisco City and County
Employees' Retirement System

July 17, 1997

TO: John L. Taylor
Clerk of the Board

FROM: Kieran Murphy *Km*
Actuary

RE: File No. 93-96-30.2. Ordinance implementing an amendment to the MOU between the San Francisco Police Officers Association and the City and County of San Francisco, effective July 1, 1997 through June 30, 2001.

The above proposed ordinance would, in part, affect retirement benefits for a group of San Francisco employees. This memo is intended to provide the cost and effect report on the retirement-related parts of the proposal which is required under Section 8.500 of the Charter.

This memo is identical to one dated July 9, 1997 (File No. 93-96-30.1), except for minor increases in costs because of the inclusion of Airport Police in the changes.

cc: Willie L. Brown, Mayor
Susan Leal, Chair, Finance Committee
Barbara Kaufman, Vice-chair, Finance Committee
Amos Brown, Supervisor
Ed Harrington, Controller
Louise Renne, City Attorney
Harvey Rose, Budget Analyst
Steve Agostini, Budget Director

RETIREMENT SYSTEM REPORT ON ORDINANCE IMPLEMENTING
AMENDMENT TO MOU BETWEEN SAN FRANCISCO POLICE
OFFICERS' ASSOCIATION AND THE CITY AND COUNTY OF SAN
FRANCISCO, EFFECTIVE JULY 1, 1997 THROUGH JUNE 30, 2001.
(FILE NO. 93-96-30.2)

The Proposal

The proposal would add two new sets of ranks to the set now used to classify San Francisco Police Officers. Transfer from current ranks to the new ranks would take place on an individual basis and would be based on whether the employee held an Intermediate Post certification or Advanced Post certification.

The new ranks would carry a higher level of base pay than current ranks; specifically, the ranks in which Police Officers with Intermediate Post certificates would be placed would have a 4% higher level of pay than the associated current ranks; the ranks in which Police Officers with Advanced Post certificates would be placed would have a 6% higher level of pay than the associated current ranks.

For Officers in the new ranks, retirement allowances would be increased because of the higher level of base pay associated with the rank.

Effect of the Proposal

The proposal would have the practical effect of including Post premium pay in Police Officer retirement calculations. Until now, premiums have been paid to Police Officers who possessed Post certificates; however, those premiums were not included in retirement calculations.

Given that Post premiums, once begun, become a fixed part of each Officer's career compensation, it is appropriate that they be included in retirement calculations. The inclusion would also bring San Francisco more in line with standard practice throughout California

Because the salaries of current ranks are unaffected, retirement allowances for current Police retirees will not be increased by this change. However, retirement allowances for current Police retirees will be increased by 3% effective July 1, 1997, based on provisions of Proposition C which was passed by San Francisco voters in November 1996. Additional increases may be paid to current Police retirees on January 1, 1998 based on scheduled increases in salaries of the current ranks.

Cost of the Proposal

The cost of the proposal will depend on how many Police Officers receive Post certification and join the new ranks before they retire. At this time, about 50% of San Francisco Police Officers hold an Advanced Post certification and an additional 10% hold an Intermediate Post certification. If the same percentages were to continue through to retirement, the retirement-related cost of the change would be approximately \$2.1 million per year, increasing with salaries.

It seems more likely, however, that increased percentages of Police Officers will obtain Post certificates and therefore that the cost will be higher. The highest possible cost would be if *all* Police Officers were to obtain an Advance Post certificate before retirement. In that case, the cost would be approximately \$3.6 million per year, increasing with salaries. After 20 years when the associated unfunded liability is paid off, the increased cost would decrease to the equivalent of approximately \$1.6 million per year.

[There is a clause in the contract which cancels the above changes and requires a retroactive recalculation of retirement benefits. If that were to happen, the increased retirement costs would probably be minimal.]

Because of the overfunded status of the Retirement System, it is expected that if the proposal were to be approved the cost would be deferred until the current surplus is amortized - about 15 years from now.

Memo to Finance Committee
November 19, 1997 Finance Committee Meeting

Item 12 - File 79-96-3.2

Department: Mayor's Office of Community Development (MOCD)

Item: Resolution approving the amendment to the Final Proposal and Action Plan for San Francisco's Community Development Block Grant Program, Emergency Shelter Grant Program, and Home Investment Partnership resulting from a two-month extension of the existing program year.

Comment: Mr. Roger Sanders of the MOCD has requested that this item be continued to the next Finance Committee meeting, in order to allow the MOCD sufficient time to provide the Budget Analyst with requested back-up information.

Recommendation: Continue the proposed resolution to the next meeting of the Finance Committee as requested by the MOCD.

REVISED 11/17/97

Memo to Finance Committee
November 19, 1997 Finance Committee Meeting

DOCUMENTS DEPT.

Item 13 - File 7-97-16

NOV 17 1997

Department: Public Transportation Commission (PTC)
Municipal Railway (MUNI)

SAN FRANCISCO
PUBLIC LIBRARY

Item: Hearing to consider the progress MUNI has made in filling vacant positions and in filling new permanent positions that were approved in the FY 1997-98 budget.

Background: As part of the justification for new position requests in the Mayor's recommended FY 1997-98 budget for MUNI's Personnel Section, the Director of Public Transportation submitted a memorandum to the Finance Committee, which stated that as of April 18, 1997, MUNI had a total of 283 vacancies throughout the Department, not including grant-funded positions. Therefore, in its FY 1997-98 budget, MUNI requested seven new positions for its Personnel Section to assist in filling MUNI's consistently large number of vacant positions.

As of November 1, 1997, MUNI reported that it had 356 vacant positions. The total number of full-time equivalent positions for the MUNI, as authorized in the FY 1996-97 and the FY 1997-98 Annual Salary Ordinances, listed by MUNI Division, and the total number of vacancies by Division, as of November 1, 1997, are shown in the following table:

<u>Muni Division</u>	<u>Number of Authorized FTE Positions</u>		<u>Difference Between FY 1996-97 and FY 1997-98</u>	<u>Number of Vacant Positions as of Nov. 1, 1997</u>
	<u>FY 96-97</u>	<u>FY 1997-98</u>		
Operations	2,155.26	2,201.39	46.13	201 ¹
Maintenance	1,125.86	1,135.86	10.00	124
Capital Projects	129.95	125.00	(4.95)	*
Finance, Administration & Personnel	162.00	187.25	25.25	31
Director's Office	<u>36.86</u>	<u>52.86</u>	<u>16.00</u>	<u>0</u>
Total	3,609.93	3,702.36	92.43	356

*Not Reported

¹ 117 Platform positions and 84 Non-Platform positions.

The Mayor's recommended FY 1997-98 budget for the MUNI Personnel Section included a total of 29 full-time, permanent positions. Of these 29 positions, 22 were existing positions and seven positions were newly requested positions.

Regarding the seven new positions in the MUNI Personnel Section, the Finance Committee approved a net of five of these positions and disapproved a net of two of these positions as a result of the FY 1997-98 budget deliberations. Attachment I, provided by MUNI, shows the current position status for the Personnel Section's 27 (29 less two) authorized positions, with total annual salaries of \$1,422,622 for the 27 positions. As shown in Attachment I, nine of the 27 authorized positions in the Personnel Section or 33 percent are currently vacant.

Comments:

1. Ms. Andrea Gourdine, Director of Human Resources, reports that, in her opinion, the essential element needed to improve MUNI's performance in filling positions is strong management of the MUNI Personnel Section.

2. Attachment II, provided by MUNI, is a listing of the 32 new, permanent positions approved for the MUNI in the FY 1997-98 budget. As shown in Attachment II, six of the 32 new positions have been filled and 26 are vacant, as of the writing of this report. It should be noted, however, that most of these vacant positions were authorized as .75 FTE's and therefore could not have been filled prior to October 1, 1997.

3. Ms. Nancy Whelan, MUNI's Deputy Director for, Finance, Administration, and Personnel, reports that MUNI officials will attend the Finance Committee meeting of November 19, 1997 in order to respond to questions of the Finance Committee.

FAP PERSONNEL SECTION
FY 98 POSITIONS AND SALARIES

SALARIES BASED ON STEP 5, FULL YEAR

CLASSIFICATION	TITLE	STATUS	SALARY	COMMENT
1. 1276	DEPARTMENTAL PERSONNEL OFFICER	N/A	N/A	NOT APPROVED -
1272	SENIOR DEPARTMENTAL PERSON. OFF.	VACANT	\$86,000	1272 INSTEAD ON HOLD
2. 1270	DEPARTMENTAL PERSONNEL OFFICER	FILLED	\$72,172	
3. 1446	SECRETARY II	FILLED	\$42,152	START DATE 11/17
4. 1246	PRINCIPAL PERSONNEL ANALYST (EXAMS)	FILLED	\$73,994	
5. 1244	SENIOR PERSONNEL ANALYST (EXAMS)	FILLED	\$62,327	
6. 1244	SENIOR PERSONNEL ANALYST (EXAMS)	FILLED	\$62,327	
7. 1242	PERSONNEL ANALYST (EXAMS)	VACANT	\$46,598	INTERVIEWING
8. 1204	SR. PERSONNEL CLERK	VACANT	\$43,098	INTERVIEWING
EEGAAA UNIT				
9. 1231	ASSOC. AFFIRM. ACTION COORD.	FILLED	\$68,043	
10. 1233	AFFIRMATIVE ACTION SPECIALIST	FILLED	\$51,287	

CLASSIFICATION	TITLE	STATUS	SALARY	COMMENT
11. 1842	MANAGEMENT ASSISTANT	N/A	N/A	1233 IN LIEU OF
1233	AFFIRMATIVE ACTION SPECIALIST	FILLED	\$51,287	START DATE 12/1
12. 1446	SECRETARY II	N/A	N/A	POSITION CUT
13. 1204	SENIOR PERSONNEL CLERK	VACANT	\$43,098	INTERVIEWING
OPERATIONS				
14. 1244	SENIOR PERSONNEL ANALYST	VACANT	\$62,327	INTERVIEWING
15. 1842	MANAGEMENT ASSISTANT	FILLED	\$48,729	
16. 1204	SENIOR PERSONNEL CLERK	FILLED	\$43,098	
17. 1424	CLERK TYPIST	VACANT	\$34,791	INTERVIEWING
R. 1242	REASSIGNED TO DIRECTOR'S OFFICE			
18. 1204	SENIOR PERSONNEL CLERK	FILLED	\$43,098	
19. 1204	SENIOR PERSONNEL CLERK	FILLED	\$43,098	
20. 1202	PERSONNEL CLERK	FILLED	\$37,193	
21. 1424	CLERK TYPIST	FILLED	\$34,791	
22. 1204	SENIOR PERSONNEL CLERK	FILLED	\$43,098	

CLASSIFICATION	TITLE	STATUS	SALARY	COMMENT
23. 1204	SENIOR PERSONNEL CLERK	FILLED	\$43,098	
PLATFORM PROCESSING UNIT				
24. 1244	SENIOR PERSONNEL ANALYST	FILLED	\$62,327	
25. 1204	SENIOR PERSONNEL CLERK	N/A	N/A	REVERSE TX - TO 1224
1224	PRINCIPAL PAYROLL & PERS. CLERK	VACANT	\$52,174	INTERVIEWING
26. 1202	PERSONNEL CLERK	VACANT	\$37,193	INTERVIEWING
LABOR RELATIONS UNIT				
27. 1372	PSR HEARING OFFICER	VACANT	\$72,897	WAITING FOR DEIR APPROVAL
28. 1244	SENIOR PERSONNEL ANALYST	FILLED	\$62,327	
29. 1204	SENIOR PERSONNEL CLERK	N/A	N/A	POSITION CUT
TOTAL			\$1,472,622	

MUNI FISCAL YEAR 1998 NEW POSITION STATUS REPORT

OPERATIONS DIVISION

FTE CLASS & POSITION TITLE

STATUS

.75	1446	Secretary II	JAQ required, PTD needs info from division to initiate process
.75	1844	Sr. Management Assistant	JAQ required, PTD needs info from division to initiate process

FAP DIVISION

FTE CLASS & POSITION TITLE

STATUS

1.0	1374	Special Assistant XIV (Admin. Serv. Mgr.)	PTD reviewing draft
.75	1823	Sr. Administrative Analyst	Posted 9/24/97 Closed 10/18/97 Posted again on 11/30/97
.75	1823	Sr. Administrative Analyst	Same as above
1.0	1450	Executive Secretary	Hired
.75	1655	Systems Accountant (Grant-funded)	JAQ required, PTD needs info from Division to intitate process
1.0	1652	Senior Accountant	Hired
.75	1655	Systems Accountant	JAQ required, PTD needs info from Division to initiate process
1.0	1220	Payroll Clerk	Hired
.75	9110	Fare Collections Receiver (MMX Grant)	Request for Requisition not received from Division

FAP DIVISION**FTE CLASS & POSITION TITLE****STATUS**

.75	9110	Fare Collections Receiver (MMX Grant)	Requisition issued, provisional roster established - Division to make selection
.75	9116	Sr. Fare Collections Receiver (MMX Grant)	Request for requisition not received from Division
.75	9116	Sr. Fare Collections Receiver (MMX Grant)	Requisition issued, provisional roster established -Division to make selection
.75	9117	Principal Fare Collections Receiver	Requisition issued/posted applicant pool established 11/13/97, selection to begin
.75	1444	Secretary I	Requisition issued/posted applicant pool established and selection to begin
.75	1372	Special Assistant XII (Labor Relations)	Faxed to DHR for approval
.75	1204	Sr. Personnel Clerk	Offer made/rejected - more interviewing in process
.75	1233	Affirmative Action Specialist	Hired
.75	1233	Affirmative Action Specialist	Hired
.75	1242	Personnel Analyst	Tx'd to 1244
.75	1272	Sr. Dept. Personnel Officer	Hold
1.0	1880	Chief of Systems	Hired
.75	1022	IS Administrator II	PTD going forward - request issuance of requisition beginning 11/14/97
.75	1022	IS Administrator II	Same as above

FAP DIVISION**FTE CLASS & POSITION TITLE****STATUS**

.75 1023 IS Administrator III

Classification not
approved by DHR/
Needs more info
from Division. PTD
has requested
issuance of
requisition

.75 1023 IS Administrator III

Classification not
approved by DHR/
Needs more info
from Division. PTD
has requested
issuance of
requisition

.75 1023 IS Administrator III

Classification not
approved by DHR/
Need more info
from Division. PTD
has requested
issuance of
requisition

.75 1024 IS Administrator Supervisor

No classification data
or request for
requisition received
from Division

.75 1064 Programmer Analyst Principle (Personnel)

No classification
data or request for
requisition received
from Division**MAINTENANCE DIVISION****FTE CLASS & POSITION TITLE****STATUS**

No new positions

CAPITAL PROJECTS**FTE CLASS & POSITION TITLE****STATUS**

No new positions

DIRECTORS OFFICE

FTE CLASS & POSITION TITLE

STATUS

.75	2913	Program Specialist (Substance Abuse)	PTD Waiting for JAQ, request for requisition from division
.75	8121	Investigator Protective Services	PTD waiting for JAQ request for requisition from division

Item 13 - File 7-97-16

Department: Public Transportation Commission (PTC)
Municipal Railway (MUNI)

Item: Hearing to consider the progress MUNI has made in filling vacant positions and in filling new permanent positions that were approved in the FY 1997-98 budget.

Background: As part of the justification for new position requests in the Mayor's recommended FY 1997-98 budget for MUNI's Personnel Section, the Director of Public Transportation submitted a memorandum to the Finance Committee, which stated that as of April 18, 1997, MUNI had a total of 283 vacancies throughout the Department, not including grant-funded positions. Therefore, in its FY 1997-98 budget, MUNI requested seven new positions for its Personnel Section to assist in filling MUNI's consistently large number of vacant positions.

As of November 1, 1997, MUNI reported that it had 356 vacant positions. The total number of full-time equivalent positions for the MUNI, as authorized in the FY 1996-97 and the FY 1997-98 Annual Salary Ordinances, listed by MUNI Division, and the total number of vacancies by Division, as of November 1, 1997, are shown in the following table:

<u>Muni Division</u>	<u>Number of</u> <u>Authorized FTE Positions</u>		<u>Difference</u> <u>Between</u> <u>FY 1996-97</u> <u>and</u> <u>FY 1997-98</u>	<u>Number</u> <u>of Vacant</u> <u>Positions</u> <u>as of</u> <u>Nov. 1,</u> <u>1997</u>
	<u>FY 96-97</u>	<u>FY 1997-98</u>		
Operations	2,155.26	2,201.39	46.13	201 ¹
Maintenance	1,125.86	1,135.86	10.00	124
Capital Projects	129.95	125.00	(4.95)	*
Finance, Administration & Personnel	162.00	187.25	25.25	31
Director's Office	<u>36.86</u>	<u>52.86</u>	<u>16.00</u>	<u>0</u>
Total	3,609.93	3,702.36	92.43	356

*Not Reported

As shown in the Attachment, provided by MUNI, the Mayor's recommended FY 1997-98 budget for the MUNI Personnel

¹ 117 Platform positions and 84 Non-Platform positions.

Memo to Finance Committee
November 19, 1997 Finance Committee Meeting

Section included a total of 29 positions, with total annual salaries of \$1,265,019. Of these 29 positions, 22 were existing positions and seven positions were newly requested positions.

Regarding the seven new positions in the MUNI Personnel Section, the Finance Committee approved a net of five of these positions and disapproved a net of two of these positions as a result of the FY 1997-98 budget deliberations.

Comment:

Ms. Andrea Gourdine, Director of Human Resources, reports that, in her opinion, the essential element needed to improve MUNI's performance in filling positions is strong management of the MUNI Personnel Section.

FAP Personnel Section
FY 98 Positions and Salaries

Attachment

Cross	Class		Position	Salary ¹		Notes
Ref. ²	Number	Title	Status 5/6/97	BPREP		
1	1276	Departmental Personnel Director	Vacant	\$76,511		
2	1270	Departmental Personnel Officer	M. Johnson	72,172		
3	1446	Secretary II	T. Famero	42,081		
<u>Exam & Classification Unit</u>						
4	1246	Principal Personnel Analyst	N. Woo	72,532		
5	1244	Senior Personnel Analyst	R. Tharayil	50,295		
6	1244	Senior Personnel Analyst	Vacant	50,295		Fill by 7/1/97
7	1242	Personnel Analyst	New Position	31,085		
8	1204	Senior Personnel Clerk	Vacant	43,098		Fill by 7/1/97
<u>EEO/AA Unit</u>						
9	1231	Assoc. Affirm. Action Coord.	T. Meyers	66,738		
10	1233	Affirmative Action Specialist	New Position	31,085		
11	1842	Management Assistant	New Position	30,357		
12	1446	Secretary II	New Position	26,043		
13	1204	Senior Personnel Clerk	S. Andrews	43,098		
<u>Operations</u>						
14	1244	Senior Personnel Analyst	T. Gotuaco	61,126		
15	1842	Management Assistant	C. Leung	40,476		
16	1204	Senior Personnel Clerk	J. Jones	43,098		
17	1424	Clerk Typist	Vacant	34,725		
R	1242	Re-assigned to Director's Office				
18	1204	Senior Personnel Clerk	New Position	26,666		
19	1204	Senior Personnel Clerk	P. Boparai	35,554		
20	1202	Personnel Clerk	M. Acevedo	37,133		
21	1424	Clerk Typist	R. Gojilde	34,725		
22	1204	Senior Personnel Clerk	C. Retuta	35,554		
23	1204	Senior Personnel Clerk	E. Garcia	35,554		
<u>Platform Processing Unit</u>						
24	1244	Senior Personnel Analyst	Vacant	50,295		Fill by 8/1/97
25	1204	Senior Personnel Clerk	P. Gans	35,554		
26	1202	Personnel Clerk	J. Coleman	37,133		
<u>Labor Relations Unit</u>						
27	1372	PSR Hearing Officer	New Position	45,075		
28	1244	Senior Personnel Analyst	Vacant	50,295		Fill by 8/1/97
29	1204	Senior Personnel Clerk	New Position	26,666		Salazar Trf Airport
				<u>\$1,265,019</u>		

Note: ¹ Salary BPREP: All new positions at 3/4 year and all incumbents @ Step V.

² Cross References are to Attachment A (Organization Chart) and Attachment C (New Position Justifications).

Item 14 - File 101-97-34

Item: Supplemental appropriation ordinance appropriating funds to claims and judgments and authorizing settlement of litigation between Stolte, Inc., a division of Green International, on behalf of itself and its subcontractors and the City and County of San Francisco in connection with construction of the New Sheriff's Facility (County Jail No. 8).

Amount: \$8,750,000

Source of Funds: General Fund Litigation Reserve

Description: The proposed ordinance would settle a suit brought against the City by the firm of Stolte, Inc., a division of Green International, and its subcontractors by payment by the City to Stolte, Inc. of \$8,750,000. Stolte, Inc. was the City's general contractor for construction of the Sheriff's New Jail Facility, located at 425 Seventh Street.

The City Attorney's Office reports that Stolte, Inc. filed suit against the City in October of 1995, claiming \$20,500,000 (subsequently increased to \$24,000,000) in damages, primarily consisting of its increased costs due to delays in project completion. According to the City Attorney's Office, such delays, which resulted in occupancy of the building by the Sheriff approximately 17 months later than scheduled, were primarily caused by errors and omissions to design specifications prepared by the project's architectural Joint Venture of Williams +Tanaka/Del Campo & Maru (the architectural Joint Venture) and their subconsultants. (See Comment No. 1 for a description of settlements of suits filed by the City against the architectural Joint Venture and subconsultants.)

Mr. Anthony Flores of the City Attorney's Office states that, under the proposed settlement, which has been recommended by the City Attorney, the City would pay Stolte, Inc. \$8,750,000. Stolte, Inc. would agree to perform approximately \$1 million of corrective work on the Sheriff's New Facility as part of the settlement, at no further cost to the City. Mr. Flores advises that the City and Stolte, Inc. have agreed on a scope of work for the \$1 million in corrective work. Mr. Flores further advises that a determination that the City actually receives \$1 million in services for the corrective work will be made by the Sheriff's

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Finance Committee
November 19, 1997 Meeting of Finance Committee

Bureau of Building Services. He states that any disputes would be submitted to a neutral arbiter. Therefore, the net cost of the proposed settlement to the City would be \$7,750,000. The City Attorney advises that it is the City's position that Stolte, Inc. should be responsible for the subject corrective work, although this responsibility is disputed by Stolte, Inc.

Comments:

1. The City has previously settled three legal disputes involving the architectural Joint Venture and the Joint Venture subcontractors in connection with the Sheriff's New Jail Facility. The results of these legal disputes, wherein the City is to receive total settlement payments of \$1,543,000, are summarized as follows:

Name of Firm	Settlement Payment
<u>Paying Settlement to City</u>	<u>to City</u>
Williams +Tanaka/Del Campo & Maru, Architectural Joint Venture and nine subconsultants	\$943,100
MCT Engineers	400,000
Rolf Jensen & Associates	<u>200,000</u>
Total payments to be made to City by firms listed above	\$1,543,100

According to Mr. Flores, the City has been paid \$943,100 by the Architectural Joint Venture and nine subconsultants and has been paid \$200,000 by Rolf Jensen & Associates, for a total of \$1,143,100 received in settlement payments to date. Mr. Flores states that the City Attorney will submit the proposed settlement with MCT Engineers for Board of Supervisors approval in the near future, and expects to receive payment of \$400,000 from MCT Engineers following Board of Supervisors approval of the settlement.

Mr. Flores reports that one additional legal dispute related to the construction of the Sheriff's New Facility is still pending resolution. This legal dispute involves a \$350,000 claim for damages by the City against Vanir Construction Management, which was retained by the City to provide construction management services for the Sheriff's New Facility project. Mr. Flores advises that he is hopeful that a settlement of the legal dispute between the City and Vanir Construction Management will be reached within the next month. If the \$350,000 claim is paid in full, the City would have received a total of \$1,893,100.

BOARD OF SUPERVISORS
BUDGET ANALYST

2. According to Ms. Martie Moore of the City Attorney's Office, the City Attorney has identified the following labor, consultant and out-of-pocket expenses incurred by the City Attorney's Office since FY 1994-95 in connection with the litigation pertaining to the Sheriff's New Jail Facility:

	City Attorney		
<u>Fiscal Year</u>	<u>Staff Costs</u>	<u>Consultant Costs</u>	<u>Total Costs</u>
FY 1994-95	\$215,962	\$38,898	\$254,860
FY 1995-96	309,327	107,267	416,594
FY 1996-97	579,510	96,480	675,990
FY 1997-98 to date	231,936	9,272	241,208
Pending Invoices	_____	<u>88,825</u>	<u>88,825</u>
TOTAL	\$1,336,735	\$340,742	\$1,677,477

Mr. Flores states that he does not expect the City Attorney's Office to incur significant additional costs, if the proposed settlement with Stolte, Inc. is approved.

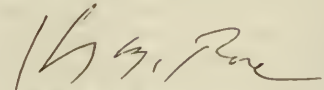
3. In summary, as noted above, City Attorney costs related to litigation involving the Sheriff's New Jail Facility are estimated to total approximately \$1,677,477, plus the subject proposed settlement payment to Stolte, Inc. of \$8,750,000, for a total litigation cost of \$10,427,477. The City expects to receive up to \$1,893,100 in settlement payments from the Architectural Joint Venture, their subconsultants, and Vanir Construction Management, or \$8,534,377 less than the total litigation costs. If the City does not receive any settlement payment from Vanir Construction Management, with whom the City currently has an unresolved claim for \$350,000, settlement payments would total \$1,543,100, or \$8,884,377 less than the \$10,427,477 cost of the litigation.

4. Mr. Flores states that if additional information is needed by the Finance Committee, such information should be addressed by the City Attorney's Office in closed session.

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Finance Committee
November 19, 1997 Meeting of Finance Committee

Recommendation: Approval of the proposed ordinance is a policy decision for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Leal
President Kaufman
Supervisor Brown
Supervisor Ammiano
Supervisor Bierman
Supervisor Katz
Supervisor Medina
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Supervisor Yee
Clerk of the Board
Controller
Matthew Hymel
Stephen Kawa
Ted Lakey

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BOARD of SUPERVISORS



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San Francisco 94102-4532
554-5184

November 20, 1997

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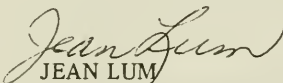
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NOTICE OF CANCELLED MEETING

FINANCE COMMITTEE

NOTICE IS HEREBY GIVEN that the regularly scheduled meeting of the
FINANCE COMMITTEE for Wednesday, November 26, 1997 at 1:00 p.m., has been
cancelled.

The next regularly scheduled meeting of the FINANCE COMMITTEE will be
held on Wednesday, December 3, 1997, at 1:00 p.m., in the Room 410, Veterans
Building, 401 Van Ness Avenue, San Francisco, California.


JEAN LUM
Acting Clerk of the Board

POSTED: 11/20/97

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Finance Committee Board of Supervisors City and County of San Francisco

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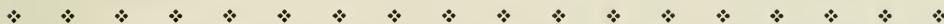
REGULAR MEETING

WEDNESDAY, DECEMBER 3, 1997, 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVENUE, ROOM 410
SAN FRANCISCO, CA 94102

MEMBERS: Supervisors Susan Leal, Barbara Kaufman, Amos Brown

CLERK: Rosemary Little-Horanzky



Disability Access



Both the Committee Room (Room 410) and the Chamber (Room 404) are wheelchair accessible. The closest accessible BART Station is Civic Center, four blocks from the Veterans Building. Accessible MUNI lines serving this location are: #42 Downtown Loop and the #71 Haight/Noriega and the F line to Market and Van Ness and the METRO stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call 923-6142.



There is accessible parking in the vicinity of the Veterans Building adjacent to Davies Hall and the War Memorial Complex.



Assistive listening devices are available for use in the Meeting Room and the Board Chamber. A device can be borrowed prior to or during a meeting. Borrower identification is required and must be held by Room 308 staff.

The following services are available on request 48 hours prior to the meeting or hearing:

- ❖ For American sign language interpreters or the use of a reader during a meeting, contact Violeta Mosuela at (415) 554-7704.
- ❖ For a large print copy of an agenda, contact Moe Vazquez at (415) 554-4909.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

FINANCE COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

REGULAR MEETING

WEDNESDAY, DECEMBER 3, 1997 - 1:00 P.M. VETERANS BUILDING
401 VAN NESS AVENUE
ROOM 410

MEMBERS: SUPERVISORS SUSAN LEAL, BARBARA KAUFMAN, AMOS BROWN

CLERK: ROSEMARY LITTLE-HORANZY

1. File 7-97-16. [MUNI Hiring] Hearing to consider the progress MUNI has made on hiring the additional personnel as approved by the Finance Committee in July 1997. (Supervisor Leal)
(Continued from 11/19/97.)

ACTION:

2. File 101-97-22. [Appropriation, Public Transportation Commission] Ordinance appropriating \$1,364,564, Public Transportation Commission, of Safe Harbor Lease Revenue to provide additional funding for the Advanced Train Control System Project for fiscal year 1997-98. RO #97114. (Controller)
(Continued from 11/19/97.)

ACTION:

3. File 276-97-1. [Mortgage Credit Certificate] Resolution authorizing an application to the California Debt Limit Allocation Committee to permit the issuance of mortgage credit certificates (Home Finance Program). (Supervisor Brown)

ACTION:

4. File 101-96-83.1. [Reserved Funds, Port Commission] Hearing to consider release of reserved funds, Port Commission (S.F. Harbor Operating Fund Loan Revenue), in the amount totaling \$2,353,464.26, to fund improvements at the new Pier 50 maintenance facility. (Port Commission)

ACTION:

5. File 101-94-42.3. [Reserved Funds, Department of Public Works] Hearing to consider release of reserved funds, Department of Public Works (1990 Earthquake Safety Bond proceeds), in the amount of \$900,332 to fund the San Francisco zoological gardens infrastructure replacement, Utility Corridor Project. (Department Public Works)

ACTION:

6. File 101-94-101.1. [Reserved Funds, Dept. of Parking and Traffic] Hearing to consider release of reserved funds, Department of Parking and Traffic (Parking Meter Revenue Bond proceeds), in the amount of \$1,465,070, for soil remediation work at San Francisco General Hospital Parking Garage. (Department of Parking and Traffic)

ACTION:

7. File 100-96-1.11. [Reserved Funds, Mayor's Office of Community Development] Hearing to consider release of reserved funds, Mayor's Office of Community Development (Budget Fiscal Year 1996-97), in the amount of \$100,000, to fund the Day Labor Program. (Mayor's Office of Community Development)

ACTION:

8. File 106-96-3.1. [Benefits for Court Employees] Ordinance amending Ordinance No. 289-96, which set schedules of compensation and other economic benefits for fiscal year 1997-97 for certain classifications of persons employed by the Municipal Court for the City and County of San Francisco, by adding certain retirement benefits for Court Reporters. (Municipal Court)

ACTION:

9. File 64-97-18. [Extension and Renewal of Leases] Resolution authorizing retroactive extension and renewal of seven (7) existing leases of real property required by the Department of Public Health. (Real Estate Department)

ACTION:

10. File 101-97-26. [Appropriation, Airport Commission] Ordinance appropriating \$4,000,000, Airport Commission, from fund balance to reduce estimated landing fees revenue pursuant to lease and use agreement between San Francisco Airport and various airlines, for fiscal year 1997-98. RO #97130. (Controller)

ACTION:

11. File 101-97-28. [Appropriation, District Attorney] Ordinance appropriating \$189,740, District Attorney, of General Fund Bad Check Recovery Revenues, for the creation of three and a half (3.5) positions for fiscal year 1997-98; companion measure to File 102-97-9. RO #97129. (Controller)

ACTION:

12. File 102-97-9. [Salary Ordinance Amendment, District Attorney] Ordinance amending Ordinance No. 307-97 (Annual Salary Ordinance, 1997/98), District Attorney, reflecting the creation of 3.5 new positions (Class 8131 Victim Witness Investigator II, 8132 District Attorney's Investigative Assistant, 8146 District Attorney's Investigator, and 8178 Senior Attorney); companion measure to File 101-97-28. (Department of Human Resources)

ACTION:

13. File 101-97-30. [Appropriation, Mayor's Office] Ordinance appropriating \$800,000, Mayor's Office, of Citizen's Option for Public Safety (COPS) Program Revenue, to implement part of the comprehensive juvenile justice action plan and to fund the start up costs of five pilot programs for fiscal year 1997-98. RO #97144. (Controller)

ACTION:

14. File 101-97-33. [Appropriation, Mayor's Office] Ordinance appropriating \$100,000, Mayor's Office, from the General Fund Reserve-Youth Line for the implementation of the Youthline Program for fiscal year 1997-98. RO #97148. (Controller)

ACTION:

LEGISLATION UNDER THE 30-DAY RULE

Rule 5.40 provides that when an ordinance or resolution is introduced which would create or revise major city policy, the committee to which the legislation is assigned shall not consider the legislation until at least thirty days after the date of introduction. Now pending:

File No. 97-97-62. Employee Signature Authorization (labor representation procedures in hotel or restaurant), Ordinance, (Supervisor Katz), 30 day Rule expires 11/26/97.

File No. 121-97-10. Displaced Worker Protection Act, Ordinance, (Supervisor Bierman), 30 day Rule expires 12/10/97.

File No. 127-97-10. Taxes, Common Administrative Provisions, Ordinance, (Supervisor Kaufman), 30 day Rule expires 12/10/97.

File No. 127-97-11. Transient Occupancy Tax, Ordinance, (Supervisor Kaufman), 30 day Rule expires 12/10/97.

File No. 127-97-12. Parking Tax, Ordinance, (Supervisor Kaufman), 30 day Rule expires 12/10/97.

File No. 127-97-13. Utility Users Tax, Ordinance, (Supervisor Kaufman), 30 day Rule expires 12/10/97.

File No. 127-97-14. Emergency Response Fee, Ordinance, (Supervisor Kaufman), 30 day Rule expires 12/10/97.

File No. 127-97-15. Stadium Operators Tax, Ordinance, (Supervisor Kaufman), 30 day Rule expires 12/10/97.

File No. 127-97-16. Payroll Expense Tax, Ordinance, (Supervisor Kaufman), 30 day Rule expires 12/10/97.

File No. 127-97-17. Gross Receipts Tax, Ordinance, (Supervisor Kaufman), 30 day Rule expires 12/10/97.

Watch future calendars for scheduling of these matters.

FINANCE COMMITTEE
S.F. Board of Supervisors
Veterans Building
401 Van Ness Avenue, Room 308
San Francisco, CA 94102

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BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642

FAX (415) 252-0461

November 25, 1997

TO: Finance Committee

FROM: Budget Analyst *Recommendations for meeting of*

SUBJECT: December 3, 1997 Finance Committee Meeting

Item 1 - File 7-97-16

Note: This item was continued by the Finance Committee at its meeting of November 19, 1997.

Department: Public Transportation Commission (PTC)
Municipal Railway (MUNI)

Item: Hearing to consider the progress MUNI has made in filling vacant positions and in filling new permanent positions that were approved in the FY 1997-98 budget.

Background: As part of the justification for new position requests in the Mayor's recommended FY 1997-98 budget for MUNI's Personnel Section, MUNI reported on its vacant positions. As of April 18, 1997, the Budget Analyst estimated that MUNI had a total of 262.33 FTE vacant positions (283 vacancies) throughout the Department, not including grant-funded positions. Therefore, in its FY 1997-98 budget, MUNI requested seven new positions for its Personnel Section to assist in filling MUNI's consistently large number of vacant

Memo to Finance Committee
December 3, 1997 Finance Committee Meeting

positions. As of November 1, 1997, MUNI reported that it had 330 FTE vacant positions (356 vacancies).

The total number of full-time equivalent (FTE) positions for the MUNI, as authorized in the FY 1996-97 and the FY 1997-98 Annual Salary Ordinances, listed by MUNI Division, and the total number of FTE vacant positions by Division, as of November 1, 1997, are shown in the following table:

<u>Muni Division</u>	<u>Number of</u> <u>Authorized FTE Positions</u>		<u>Difference</u> <u>Between</u> <u>FY 1996-97</u> <u>and</u> <u>FY 1997-98</u>	<u>Number</u> <u>of FTE</u> <u>Vacant</u> <u>Positions</u> <u>as of Nov. 1,</u> <u>1997</u>
	<u>FY 96-97</u>	<u>FY 1997-98</u>		
Operations	2,155.26	2,201.39	46.13	182
Maintenance	1,125.86	1,135.86	10.00	124
Capital Projects	129.95	125.00	(4.95)	*
Finance, Administration & Personnel	162.00	187.25	25.25	24
Director's Office	<u>36.86</u>	<u>52.86</u>	<u>16.00</u>	<u>0</u>
Subtotal	3,609.93	3,702.36	92.43 ¹	330
Attrition Savings	<u>(99.97)</u>	<u>(71.57)²</u>	<u>28.40</u>	-
Total Net Funded FTE Positions	3,509.96	3,630.79	120.83	-

*Not Reported

As shown in the above table, the increase in MUNI's FY 1997-98 budget compared to FY 1996-97, prior to the required attrition (salary) savings, is 92.43 FTEs. However, since the required attrition savings is 28.40 FTEs less in FY 1997-98 as compared to FY 1996-97, the true net increase in funded FTEs in MUNI's FY 1997-98 budget is 120.83 compared to the FY 1996-97 budget .

As previously noted, MUNI reported a total of 330 FTE vacant positions as of November 1, 1997, and the Budget

¹ Includes 37 new positions approved in April of 1997, 19 new FTE positions added in the FY 1997-98 budget, an increase of 9.14 temporary positions, from 13.0 to 22.14, and annualization of new positions added in the FY 1996-97 budget.

² The Mayor's recommended FY 1997-98 Budget included salary savings of 63.1 FTE positions. The Board of Supervisors increased salary savings by a total of 8.47 FTE positions, resulting in total salary savings for FY 1997-98 of 71.57 FTE positions.

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Finance Committee
December 3, 1997 Finance Committee Meeting

Analyst estimated that MUNI had a total of 262.33 FTE vacant positions as of April 18, 1997. Regarding the 330 FTE vacant positions, when considering attrition savings, the net number of MUNI's vacant FTEs for which funding is available is 258.43 as of November 1, 1997 or 96.07 more than the 162.36 funded FTE vacant positions as of April 18, 1997 as shown below.

	<u>Number of FTE Vacant Positions</u>		
	<u>April 18, 1997</u>	<u>Nov. 1, 1997</u>	<u>Difference</u>
FTE Vacant Positions	262.33*	330.00	67.67
Attrition Savings	<u>(99.97)</u>	<u>(71.57)</u>	<u>28.40</u>
Net FTE Vacant Positions for which Funding is Available	162.36	258.43	96.07

* Budget Analyst estimate.

The Mayor's recommended FY 1997-98 budget for the MUNI Personnel Section included a total of 29 full-time, permanent positions. Of these 29 positions, 22 were existing positions and seven positions were newly requested positions.

Regarding the seven new positions in the MUNI Personnel Section, the Finance Committee approved a net of five of these positions and disapproved a net of two of these positions as a result of the FY 1997-98 budget deliberations. Attachment I, provided by MUNI, shows the current position status for the Personnel Section's 27 (29 less two) authorized positions, with total annual salaries of \$1,422,622 for the 27 positions. As shown in Attachment I, nine of the 27 authorized positions in the Personnel Section or 33 percent are currently vacant.

Comments:

1. Ms. Andrea Gourdine, Director of Human Resources, reports that, in her opinion, the essential element needed to improve MUNI's performance in filling positions is strong management of the MUNI Personnel Section.

2. Attachment II, provided by MUNI, is a listing of the 32 new, permanent positions approved for the MUNI in the FY 1997-98 budget. As shown in Attachment II, six of the 32 new positions have been filled and 26 are vacant, as of the writing of this report. It should be noted, however, that most of these vacant positions were authorized as .75 FTEs and therefore could not have been filled prior to October 1, 1997.

BOARD OF SUPERVISORS
BUDGET ANALYST

FAP PERSONNEL SECTION
FY 98 POSITIONS AND SALARIES

SALARIES BASED ON STEP 5, FULL YEAR

CLASSIFICATION	TITLE	STATUS	SALARY	COMMENT
1. 1276	DEPARTMENTAL PERSONNEL OFFICER	N/A	N/A	NOT APPROVED - 1272 INSTEAD
1272	SENIOR DEPARTMENTAL PERSON. OFF.	VACANT	\$86,000	ON HOLD
2. 1270	DEPARTMENTAL PERSONNEL OFFICER	FILLED	\$72,172	
3. 1446	SECRETARY II	FILLED	\$42,152	START DATE 11/17
4. 1246	PRINCIPAL PERSONNEL ANALYST (EXAMS)	FILLED	\$72,994	
5. 1244	SENIOR PERSONNEL ANALYST (EXAMS)	FILLED	\$62,327	
6. 1244	SENIOR PERSONNEL ANALYST (EXAMS)	FILLED	\$62,327	
7. 1242	PERSONNEL ANALYST (EXAMS)	VACANT	\$46,598	INTERVIEWING
8. 1204	SR. PERSONNEL CLERK	VACANT	\$43,098	INTERVIEWING
EEQ/AA UNIT				
9. 1231	ASSOC. AFFIRM. ACTION COORD.	FILLED	\$68,043	
10. 1233	AFFIRMATIVE ACTION SPECIALIST	FILLED	\$51,287	

CLASSIFICATION	TITLE	STATUS	SALARY	COMMENT
11. 1842	MANAGEMENT ASSISTANT	N/A	N/A	1233 IN LIEU OF
1233	AFFIRMATIVE ACTION SPECIALIST	FILLED	\$51,287	START DATE 12/1
12. 1446	SECRETARY II	N/A	N/A	POSITION CUT
13. 1204	SENIOR PERSONNEL CLERK	VACANT	\$43,098	INTERVIEWING
OPERATIONS				
14. 1244	SENIOR PERSONNEL ANALYST	VACANT	\$62,327	INTERVIEWING
15. 1842	MANAGEMENT ASSISTANT	FILLED	\$48,729	
16. 1204	SENIOR PERSONNEL CLERK	FILLED	\$43,098	
17. 1424	CLERK TYPIST	VACANT	\$34,791	INTERVIEWING
R. 1242	REASSIGNED TO DIRECTOR'S OFFICE			
18. 1204	SENIOR PERSONNEL CLERK	FILLED	\$43,098	
19. 1204	SENIOR PERSONNEL CLERK	FILLED	\$43,098	
20. 1202	PERSONNEL CLERK	FILLED	\$37,193	
21. 1424	CLERK TYPIST	FILLED	\$34,791	
22. 1204	SENIOR PERSONNEL CLERK	FILLED	\$43,098	

CLASSIFICATION	TITLE	STATUS	SALARY	COMMENT
23. 1204	SENIOR PERSONNEL CLERK	FILED	\$43,098	
PLATFORM PROCESSING UNIT				
24. 1244	SENIOR PERSONNEL ANALYST	FILED	\$62,327	
25. 1204	SENIOR PERSONNEL CLERK	N/A	N/A	REVERSE TX - TO 1224
1224	PRINCIPAL PAYROLL & PERS. CLERK	VACANT	\$52,174	INTERVIEWING
26. 1202	PERSONNEL CLERK	VACANT	\$37,193	INTERVIEWING
LABOR RELATIONS UNIT				
27. 1372	PSR HEARING OFFICER	VACANT	\$72,897	WAITING FOR DHR APPROVAL
28. 1244	SENIOR PERSONNEL ANALYST	FILED	\$62,327	
29. 1204	SENIOR PERSONNEL CLERK	N/A	N/A	POSITION CUT
TOTAL			\$1,422,622	

-3

24 Dec 2

11/10/2019 11:00 AM

MUNI FISCAL YEAR 1998 NEW POSITION STATUS REPORT

OPERATIONS DIVISION

FTE CLASS & POSITION TITLE

STATUS

.75 1446 Secretary II

JAQ required, PTD
needs info from
division to initiate
process

.75 1844 Sr. Management Assistant

JAQ required, PTD
needs info from
division to initiate
process

FAP DIVISION

FTE CLASS & POSITION TITLE

STATUS

1.0 1374 Special Assistant XIV (Admin. Serv. Mgr.)

PTD reviewing draft

.75 1823 Sr. Administrative Analyst

Posted 9/24/97
Closed 10/18/97
Posted again on
11/30/97

.75 1823 Sr. Administrative Analyst

Same as above

1.0 1450 Executive Secretary

Hired

.75 1655 Systems Accountant (Grant-funded)

JAQ required, PTD
needs info from
Division to initiate
process

1.0 1652 Senior Accountant

Hired

.75 1655 Systems Accountant

JAQ required, PTD
needs info from
Division to initiate
process

1.0 1220 Payroll Clerk

Hired

.75 9110 Fare Collections Receiver (MMX Grant)

Request for
Requisition not
received from
Division

FTE	CLASS & POSITION TITLE	STATUS
.75	9110 Fare Collections Receiver (MMX Grant)	Requisition issued, provisional roster established - Division to make selection
.75	9116 Sr. Fare Collections Receiver (MMX Grant)	Request for requisition not received from Division
.75	9116 Sr. Fare Collections Receiver (MMX Grant)	Requisition issued, provisional roster established - Division to make selection
.75	9117 Principal Fare Collections Receiver	Requisition issued/posted applicant pool established 11/13/97, selection to begin
.75	1444 Secretary I	Requisition issued/posted applicant pool established and selection to begin
.75	1372 Special Assistant XII (Labor Relations)	Faxed to DHR for approval
.75	1204 Sr. Personnel Clerk	Offer made/rejected - more interviewing in process
.75	1233 Affirmative Action Specialist	Hired
.75	1233 Affirmative Action Specialist	Hired
.75	1242 Personnel Analyst	Tx'd to 1244
.75	1272 Sr. Dept. Personnel Officer	Hold
1.0	1880 Chief of Systems	Hired
.75	1022 IS Administrator II	PTD going forward - request issuance of requisition beginning 11/14/97
.75	1022 IS Administrator II	Same as above

FAP DIVISION

FTE CLASS & POSITION TITLE

STATUS

.75 1023 IS Administrator III

Classification not approved by DHR/ Needs more info from Division. PTD has requested issuance of requisition

.75 1023 IS Administrator III

Classification not approved by DHR/ Needs more info from Division. PTD has requested issuance of requisition

.75 1023 IS Administrator III

Classification not approved by DHR/ Need more info from Division. PTD has requested issuance of requisition

.75 1024 IS Administrator Supervisor

No classification data or request for requisition received from Division

.75 1064 Programmer Analyst Principle (Personnel)

No classification data or request for requisition received from Division

MAINTENANCE DIVISION

FTE CLASS & POSITION TITLE

STATUS

No new positions

CAPITAL PROJECTS

FTE CLASS & POSITION TITLE

STATUS

No new positions

DIRECTORS OFFICE

FTE CLASS & POSITION TITLE

STATUS

.75	2913	Program Specialist (Substance Abuse)	PTD Waiting for JAQ, request for requisition from division
.75	8121	Investigator Protective Services	PTD waiting for JAQ request for requisition from division

Memo to Finance Committee
December 3, 1997 Finance Committee Meeting

Item 2 - File 101-97-22

Note: This item was continued by the Finance Committee at its meeting of November 19, 1997.

Department: Public Transportation Commission (PTC)
Municipal Railway (MUNI)

Item: Ordinance appropriating \$1,364,564 of Safe Harbor Lease Revenues to provide additional funding for the Advanced Train Control System Project.

Amount: \$1,364,564

Source of Funds: Safe Harbor Lease Revenues

Description: The proposed supplemental appropriation ordinance would appropriate \$1,364,564 of Safe Harbor Lease Revenues¹ for the Advanced Train Control System (ATCS) Project. The ATCS Project is a system for controlling (e.g., regulating the speed and spacing of the LRVs) MUNI Metro's Light Rail Vehicles (LRVs).

In 1992, MUNI began replacing its Metro Light Rail Vehicle signal system with the Advanced Train Control System (ATCS), a signal system with on-board train computers linked to a central control computer. When completed, the ATCS, in conjunction with the MUNI Metro Turnaround, will allow MUNI to operate more LRVs (from a maximum of 30 trains² per hour in the subway in each direction to a maximum of 60 trains per hour in each direction) on the existing LRV lines and improve LRV safety.

According to Ms. Gail Bloom of MUNI, the original total estimated project cost of the ATCS was \$68.5 million. The current total estimated project cost of the ATCS is \$79.9 million, which is \$11.4 million, or 16.6 percent more than the original estimate.

Attachment I, provided by MUNI, contains the reasons and related amounts for the increased costs of the ATCS. Attachment II, provided by MUNI, contains a budget for the current total ATCS project costs of \$79.9 million, together with all funding sources.

This subject request of \$1,364,564, as identified in Attachment II as a funding source, would provide the final

¹ Safe Harbor Lease Revenue is realized by selling Federal Income Tax depreciation credits on new and rehabilitated transit vehicles to private corporations.

²A "train" in this context consists of from one LRV to four LRVs that are connected and moving as a single entity.

BOARD OF SUPERVISORS
BUDGET ANALYST

funding necessary to finance the total current estimated ATCS project costs of \$79.9 million.

Budget:

As previously noted, Attachment II contains a complete budget and all funding sources for the total estimated ATCS project costs of \$79.9 million, including this subject revenue appropriation of \$1,364,564 to provide the necessary revenues to complete funding for ATCS project.

Comments:

1. A resolution (File 213-97-2) to authorize the Public Transportation Commission to apply for, accept, and expend grant funds totaling \$6,735,436 for the ATCS project, is currently pending before the Economic Development, Transportation, and Technology Committee. These grant funds are included as funding sources in Attachment II of this report.

2. A list of all contractors involved in the ATCS, the contract amounts, the MBE/WBE status, and compliance with the Equal Benefits Ordinance is shown in Attachment III, as provided by MUNI.

3. According to Mr. John Thomas of MUNI, work on the ATCS Project began in August of 1992. Originally, the ATCS Project was to have been completed in August of 1995. Mr. Thomas states that for the reasons enumerated in Attachment I, the new estimated ATCS project completion date is May of 1999, which is three years and nine months later than the originally estimated completion date of August, 1995.

Recommendation: Approve the proposed ordinance.

11/14/97 FRI 13:00 FAX 415 584 3217

MUNI CAPITAL PROJECT

002

Attachment No. 1

11/14/97

M914.0 Advanced Train Control System

	Original Budget	Revised Budget	Amount Change	Reason for Increase
Atcotel Contract / Sales Tax	\$ 51,442,697	\$ 53,500,000	\$ 2,057,303	Claims Settlement
Consultant Services	\$ 2,800,000	\$ 15,810,000	\$ 13,010,000	Consultant needed to monitor prime contract due to schedule extension.
MUN Staff	\$ 4,963,250	\$ 6,000,000	\$ 1,036,750	Extended duration
Additional SLRV Retrofit (use of contingency)		\$ 70,000	\$ 70,000	Additional retrofit to replace damaged vehicle.
Additional Spares (use of contingency)		\$ 670,000	\$ 670,000	Spare parts required for 62 vehicles not covered in contract.
Additional Training (use of contingency)		\$ 175,000	\$ 175,000	Training for 7 additional Central Control Operators.
MUNI Staff - Early Shut down - operations cost abatement		\$ 2,000,000	\$ 2,000,000	Cost to run diesel bus service during subway shut down.
Contingency	\$ 9,294,053	\$ 1,675,000	\$ (7,619,053)	
Original Budget	\$ 68,500,000	\$ 79,900,000	\$ 11,400,000	

11/14/07 FRI 15:41 FAX 415 554 3217

MUNI CAPITAL PROJECT

002

ATTACHMENT II

Category	Original Budget	Revised Budget	Estimate at Completion
City Services	\$4,963,250	\$8,000,000	\$10,698,200
Consultant Services	\$2,800,000	\$15,810,000	\$14,986,800
Contracts/Sales Tax	\$51,442,697	\$53,500,000	\$54,215,000
Contingency	\$9,294,053	\$2,590,000	\$-
Total	\$68,500,000	\$79,900,000	\$79,900,000

ORIGINAL ATCS FINANCIAL PLAN

Federal Section 3 Rail Modernization	\$13,500,000	20%
Federal Section 9 Formula Replacement	17,200,000	25%
State Flexible Congestion Relief	-0-	0%
State Transit Capital Improvement	4,400,000	6%
State Rail Bonds - - Proposition 108	2,940,000	4%
State Rail Bonds - - Proposition 116	6,247,362	9%
Regional Bridge Toll Funds	1,052,670	2%
Local Transit Impact Development Fee	6,590,000	10%
Local Safe Harbor Lease Revenue	-0-	0%
SF Municipal Railway Improvement Corp.	1,721,021	3%
SFCTA Transportation Sales Tax	5,853,000	9%
Transfer from Light Rail Vehicles Project	7,100,000	10%
Transfer from Muni Metro Turnback Project	1,900,000	3%
TOTAL	\$68,504,053	

PROPOSED ATCS FINANCIAL PLAN

Federal Section 3 Rail Modernization	\$13,500,000	17%
Federal Section 9 Formula Replacement	17,200,000	22%
State Flexible Congestion Relief	3,553,154	4%
State Transit Capital Improvement	4,400,000	6%
State Rail Bonds - - Proposition 108	2,940,000	4%
State Rail Bonds - - Proposition 116 *	9,429,644	12%
Regional Bridge Toll Funds	2,952,670	4%
Local Transit Impact Development Fee	6,590,000	8%
Local Safe Harbor Lease Revenue	1,364,564	2%
SF Municipal Railway Improvement Corp.	1,721,021	2%
SFCTA Transportation Sales Tax	5,853,000	7%
Transfer from Light Rail Vehicles Project	8,500,000	11%
Transfer from Muni Metro Turnback Project	1,900,000	2%
TOTAL	\$79,904,053	

* Includes \$3,182,282 in pending ATCS grant funds

11/14/97 FRI 13:11 FAX 415 554 3217

MUNI CAPITAL PROJECT

002

ATTACHMENT III

Contractor	Contract Amount	MBE/WBE Status	Equal Benefits Ordinance
Alcatel Canada	\$48,713,267	No	No - Bid date - 1992
Booz Allen & Hamilton	\$8,450,000	No - Contract requires 40% participation	Not required under contract *
Lea & Elliott	\$2,925,000	No - Contract requires 40% participation	Not required under contract *
Additional Consultant Support	\$4,000,000	No - Contract requires 40% participation	Not required under contract **

* Contractors are compliant with the Equal Benefits Ordinance

** Staff selection has been made, and contractor is compliant with the Equal Benefits Ordinance

Item 3 - File 276-97-1

Department: Mayor's Office of Housing (MOH)

Item: Resolution authorizing an application to the California Debt Limit Allocation Committee to permit the issuance of Mortgage Credit Certificates and the City's receipt of a State allocation under the Mortgage Credit Certificate Program.

Amount: Not to exceed \$25 million

Description: The Mortgage Credit Certificate (MCC) Program is designed to assist first-time home buyers in purchasing a single-family residence in San Francisco. The program is directed toward individuals and families which would not be able to purchase housing without receiving some financial assistance.

The MCC Program, a State authorized program, provides assistance to first-time home buyers by allowing an eligible home purchaser to take an annual credit against Federal income taxes of a percentage of the annual interest payments on a single family residence (see Comment No. 1). The percentage rate is established by the entity administering the program locally (in this case, the MOH), but may not exceed 50 percent of the mortgage interest. A home buyer who is awarded an MCC and who is also eligible for a tax credit on the interest expense paid on the mortgage, would still be able to deduct, for Federal income tax purposes, the remaining amount of the annual mortgage interest payments not claimed as a credit against the taxes. By reducing the Federal income tax burden, the home buyer is left with increased disposable income with which to cover mortgage payments.

Since September of 1993, the Board of Supervisors has approved legislation authorizing the MOH to submit five separate applications to the California Debt Limit Allocation Committee (CDLAC). The CDLAC approved these five applications, which provided an allocation of MCC funds from the State to the City amounting to \$71,396,057.

The CDLAC authorized MOH to issue either Mortgage Credit Certificates or Mortgage Revenue Bonds. Ms. Maggie Davis-Badger of the MOH advises that the City elected to issue Mortgage Credit Certificates, because issuance of Mortgage Credit Certificates has the effect of providing the program with more tax exempt dollars to use in home financing than would occur from the use of Mortgage Revenue Bonds. Ms. Davis-Badger advises that by electing to issue Mortgage

BOARD OF SUPERVISORS
BUDGET ANALYST

Credit Certificates, the overall amount of the tax exempt financing from the CDLAC was increased by \$17,849,014 from the \$71,396,057 in actual allocations to \$89,245,071 in tax exempt financing authority.

Ms. Davis-Badger advises that the City continues to have the option to either issue Mortgage Credit Certificates or Mortgage Revenue Bonds, in connection with the subject funds. According to Ms. Davis-Badger, based on the City electing to issue Mortgage Credit Certificates, the City's authority to issue Mortgage Credit Certificates under the proposed application would total up to \$41,666,667, or \$16,666,667 more than the proposed \$25,000,000 allocation amount. According to Ms. Davis-Badger, the \$16,666,667 would allow the MOH to provide assistance under the Mortgage Credit Certificate Program to an estimated additional 110 home buyers based on an average allocation of Mortgage Credit Certificates to each home buyer of approximately \$151,000.

The proposed resolution would authorize the MOH to submit a sixth application to the CDLAC for an allocation of Mortgage Credit Certificates in an amount not to exceed \$25 million. As was the case with the prior five resolutions authorizing the MOH's submission of applications to the CDLAC, the proposed resolution, in compliance with CDLAC regulations, would also authorize (1) that one percent of the amount of the requested allocation be held on deposit by the City in connection with the submission of the application to the CDLAC, and (2) the Director of the MOH to certify to CDLAC that such funds are available. Based on one percent of the requested allocation of an amount not to exceed \$25 million, the amount to be held on deposit by the City for the subject application would be up to \$250,000. Ms. Davis-Badger states that the required deposit amount is one percent of the official allocation amount, not on the higher amount of authority to issue Mortgage Credit Certificates that was discussed above. This deposit shall consist of a restriction of cash in the City's Home Mortgage Assistance Trust Surplus Fund, established pursuant to the Home Mortgage Assistance Trust Agreement of 1982. The Home Mortgage Assistance Trust Surplus Fund is a Fund which consists of cash accumulated from loan repayments by individuals participating under the City's 1982 First Time Homebuyers Bond Program.

According to Ms. Davis-Badger, the above-noted deposit is required by CDLAC to ensure that the State requirements for issuing the Mortgage Credit Certificates are met by the

BOARD OF SUPERVISORS
BUDGET ANALYST

local agency, including the requirement that the first Mortgage Credit Certificate be issued within 120 days of receipt of the allocation of Mortgage Credit Certificates from the State.

Comments:

1. Ms. Davis-Badger reports that, under the application to be submitted to the CDLAC, and in accordance with the Federal Internal Revenue Service regulations and the CDLAC regulations, the MOH will provide assistance to first-time home buyers by allowing an eligible home purchaser to take an annual credit against Federal income taxes of up to 15 percent. Ms. Davis-Badger advises that, in past years, the MOH has provided income tax credits of up to 20 percent, as is allowed by the Internal Revenue Service. The lower 15 percent income tax credit will enable the MOH to provide first-time home buyer assistance to approximately 70 more home buyers than would be served if the income tax credit was 20 percent.

2. "Statistical Profiles" provided by the MOH for calendar years 1996 and 1997, shown as Attachments Numbers 1 and 2 respectively, provide the total number of low to moderate income households that have been assisted in each of the past two years, and related information pertaining to these households (e. g., median household income, median purchase price of homes, household size and ethnic breakdown). In addition, MOH has approximately \$2,715,735 remaining from the 1997 State allocated MCC funds of \$18,729,649, which is reserved for targeted areas, and \$3,734,626 from 1996 and 1997 which is reserved for specific low to moderate income developments under construction, for approximately 43 additional single family residences for which home buyers will receive Mortgage Credit Certificates. Certificates which are reserved for low to moderate income housing developments which are under construction are known as Developer Mortgage Credit Certificates. When the housing development is completed, individuals and families wishing to purchase single family residences can apply to the City for the Mortgage Credit Certificates which were placed on reserve.

As shown on the attached statistical profiles, the 1996 Mortgage Credit Certificate Program assisted a total of 289 households with a median household income of \$45,500 and a median home purchase price of \$185,000. The 1997 Mortgage Credit Certificate Program had assisted a total of 190 households (plus 4 cancellations) as of October 6, 1997, with a median household income of \$48,280 and a median home purchase price of \$185,000. As stated above, Attachments

Memo to Finance Committee
December 3, 1997, 1997 Meeting of Finance Committee

Numbers 1 and 2 also show the ethnic and neighborhood
breakdown of the assisted households .

Recommendation: Approve the proposed resolution.

BOARD OF SUPERVISORS
BUDGET ANALYST

**SAN FRANCISCO
MORTGAGE CREDIT CERTIFICATE PROGRAM
1996 STATISTICAL PROFILE**

Total number of households assisted: 246 MCCs issued
42 Commitments Issued
1 Reservations Issued

Total: 289 Households

Median Household Income: \$45,500 (74% of San Francisco SMSA median for household of 4 persons; 93% of median for 2-person household)

Median Purchase Price: \$185,000

Median Mortgage Amount: \$150,000

Household size breakdown:	1 person	127	(52%)
	2 persons	52	(21%)
	3 persons	22	(9%)
	4 or more persons	45	(18%)

<u>Ethnic breakdown:</u>	White	116 households	(47%)
	Asian/Pacific Islander	75	(31%)
	African-American	32	(13%)
	Hispanic	18	(7%)
	Other/decline to state	5	(2%)

Neighborhood breakdown:

Bayview/Hunter Point	41	Western Addition	18	North Beach/Marina	10
Sunset	33	Upper Market	17	Bernal Heights	8
Outer Mission	25	Mission	17	Ocean View	8
Diamond Hts./Sunnyside	22	South of Market	14	Richmond	1
Potrero Hill	21	Visitacion Valley	11		

Rev. 1/13/97JLU

Item 4 - File 101-96-83.1

Department: Port Commission

Items: Hearing to consider the release of reserved funds in the amount of \$2,353,464 to fund improvements at the new Pier 50 Maintenance Facility.

Amount: \$2,353,464

Source of Funds: Loan Proceeds obtained from the Canadian Imperial Bank of Commerce

Description: In March of 1996, San Francisco voters approved Proposition B, which established a special zoning district to permit the construction of a new baseball stadium on Port property on Pier 46 at China Basin. In order for the baseball stadium to be built, the Port of San Francisco was required to relocate its maintenance facility from Pier 46 to Pier 50, and to relocate 17 commercial tenants who occupied Pier 46, which is the site of the future baseball stadium, to other Port property, if such tenants desired to remain on Port property.

In June of 1997, the Board of Supervisors approved a supplemental appropriation allocating \$7,550,000 out of a maximum of \$12 million in loan proceeds obtained from the Canadian Imperial Bank of Commerce for a capital improvement project to (a) relocate the Port's maintenance facility from Pier 46 to Pier 50, (b) make tenant relocation site improvements at Pier 50, and (c) relocate the KSET radio transmitter to Pier 70. Pending the identification of the proposed contractors, the MBE/WBE status of the contractors, and submission of final contract cost details, \$6,052,714 of the \$7,550,000 was placed on reserve. Of the total funds reserved, \$3,259,427 was designated for Pier 50 maintenance facility improvements and \$2,793,287 was designated for tenant relocation site improvements.

The Port is requesting release of \$2,353,464 of the \$2,793,287 designated for tenant relocation site improvements for the following specific purposes: (1) roof repair work on Pier 50 sheds (a shed is a structure covering all or part of a pier), (2) Design and Engineering Services; and (3) hazardous materials abatement and repair work at Pier 50.

Budget: A summary budget for this request of \$2,353,464 is as follows:

Roof Repair Work for Pier 50 sheds	\$1,338,910
Design and Engineering Services ¹	529,947
Hazardous Materials Abatement and Repair Work at Pier 50 Sheds	<u>484,607</u>
Total	\$2,353,464

Attachment I, provided by the Port, contains additional budget details to support this request of \$2,353,464, including the MBE/WBE status of the contractors and subcontractors.

Comments:

1. According to Ms. Veronica Sanchez of the Port, the Pier 50 maintenance facility is anticipated to be completed by December of 1999. The total estimated cost of the Pier 50 maintenance facility is \$7.2 million, as shown in Attachment II to this report, provided by the Port. Ms. Sanchez reports that the initial funding source for the Pier 50 maintenance facility costs is the loan proceeds obtained from the Canadian Imperial Bank of Commerce. The loan proceeds are to be repaid from the Port Operating Fund revenues, which include \$100,000 per month to be paid to the Port by the China Basin Ballpark Company² (CBBC). The Board of Supervisors previously approved the lease agreement between the Port and CBBC for the Ballpark site, which provides for the \$100,000 per month lease payments.

2. Attachment II also contains a list of the 17 tenants who were required to vacate Pier 46. As shown in Attachment II, eight of the 17 tenants who were at Pier 46 have moved to other Port-owned property.

3. According to Ms. Carmen Smith of the Human Rights Commission, the three contractors, Pioneer Roofing, Kendall Young Associates/Beverly Prior Architects, and Bluewater

¹ These funds would be used to reimburse the Port's Operating Fund for design and engineering costs expended to design Pier 48 as a maintenance facility. Pier 48 was the first site selected and, according to Ms. Veronica Sanchez of the Port, substantial design work was completed prior to Pier 48 being destroyed by fire in November of 1996. After the fire, Pier 50 became the preferred maintenance facility site, and the Port was able to use the design and engineering work performed for the Pier 48 maintenance facility for Pier 50.

² The China Basin Ballpark Company (CBBC) is a limited liability company controlled by the San Francisco Baseball Associates, the ownership of the San Francisco Giants.

Environmental, are certified as being in compliance with the City's Equal Benefits Ordinance. Pioneer Roofing and Kendall Young Associates/Beverly Prior Architects were selected on a competitive basis. Bluewater Environmental, the firm selected to perform the hazardous materials abatement and repair work, was selected under an as-needed contractual agreement with the City's Bureau of Construction Management of the Department of Public Works.

Recommendation: Approve the release of funds in the requested amount of \$2,353,464.

NOV 17 '97 03:53PM PORT OF SF EXECUTIVE

P.2/4

PORT OF SAN FRANCISCO

November 17, 1997



Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 276940 P8F UR
Fax 415 274 0528
Cable RFPORCOM
Writer

TO: Mr. Stan Jones, Budget Analyst's Office

FROM: Veronica Sanchez, Manager, Governmental Affairs

RE: **BUDGET INFORMATION: RELEASE OF RESERVED FUNDS IN THE AMOUNT OF \$2,353,464.26 FOR IMPROVEMENTS AT THE NEW PIER 50 MAINTENANCE FACILITY (Ordinance No. 252-97/File No. 101-96-83)**

- Roof Repair Contract: \$1,338,910.26
- Architectural/Engineering Services: \$529,947
- Hazardous Material Abatement Work: \$484,607

The Port requests release of \$2,353,464.26 from the funds reserved for Tenant Site Improvements (\$2,793,427) for the following purposes:

1. **Roof Repair Work for Pier 50 Sheds B & C** **\$1,338,910.26**

Description of Work: Removal of two layers of existing roof from Shed B and one layer of existing roof from Shed C and the replacement with new Modified Bituminous Roofing. Installation of new fiberglass panels in Shed C to prevent rainwater leaks. Removal and replacement of new sheet metal flashing at Sheds B & C; removal and replacement of new roof drains at Sheds B and C. Removal and replacement of downspouts between the roof drain and deck at Sheds B and C. Hazardous material abatement including lead paint dust within Sheds B and C. Hazardous materials abatement including asbestos and lead removal in the existing roof at Sheds B and C.

Contractor Information: The contract was awarded to the lowest bidder, Pioneer Roofing Organization, an MBE firm. A copy of the bid summary is attached (*Attachment 3*). The Port exceeded its original contract goal for WBE utilization of 4% and MBE utilization of 20%. The following three subcontractors will also work on the job:

Subcontractor	MBE/WBE Firm	Contract Award
Kin Wo Construction Inc.	WBE 7.6%	\$ 75,000
CH General Contractor	MBE 20.27%	\$200,100
Service 1st Environmental	N/A	\$282,070

A 10% contingency is included in the requested amount in case unforeseen problems result during the containment and abatement of hazardous material during roof demolition and replacement. There are also structural uncertainties in the existing roof framing. The project

NOV 17 '97 03:54PM PORT OF SF EXECUTIVE

P.3/4

Page 2 -- Memo to Budget Analyst - Release of Reserve Funds - Port of San Francisco

schedule may also result in delays because the work will begin and commence through the rainy months of December and January.

2. Release of Funds for Design and Engineering Services \$529,947

Description of Work: These funds will be used to reimburse the Port for design and engineering costs of services expended to design Pier 48 as a maintenance facility. Pier 48 was the first site selected and substantial design work was done until a fire destroyed the pier in November 1996. After the fire, Pier 50 became the preferred alternative site and the Port was able to utilize the shop layout work, electrical load calculations, and utility support for the shop for the Pier 50 facility.

The Port requests release of these funds so the Port's operating budget can be reimbursed. The supplemental appropriation was amended to authorize the Port to have retroactive authority for expenditures incurred prior to March 1, 1996.

Contractor Information: Kendall Young Associates/Beverly Prior Architects, an MBE/WBE/LBE joint venture was selected through a competitive process. The hourly rate for KYA/BPA ranges from \$35-\$115 per hour and the average rate is \$73.97. The following subcontractors will also be used:

Subcontractor	MBE/WBE/LBE	Contract Award	Hourly Rate	Avg Rate
Telamon Engineering	MBE, WBE, LBE (5%)	\$ 26,497	\$48-\$98	\$66.00
GKO & Associates	MBE, LBE (20%)	\$105,990	\$35-\$95	\$70.75
F.W. Associates	MBE, LBE (10%)	\$ 52,995	\$55-\$110	\$80.45
Orseo Design Associates	MBE, LBE (2%)	\$ 10,599	\$35-\$70	\$60.00

The original contract goal for WBE utilization was 5% and for MBE utilization was 20%.

3. Hazardous Material Abatement and Repair Work \$484,607

Description of Work: Removal of hazardous material in the interior of Pier 50, painting of shed interiors; glazing removal supply and installation and oversight project management and coordination.

Contractor Information: The work will be performed by Bluewater Environmental, a firm under an as needed contractual agreement with the CCSF's Bureau of Construction Management-Site Assessment & Remediation. These funds will be work ordered to DPW. The cost of the work is \$105,175,000. Bluewater's minority subcontractors include:

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Subcontractor	MBE/WBE Firm	Contract Award
Analytical Labs	WBE, LBE (5%)	\$5,260
Temper Insulation	MBE, LBE (5%)	\$5,260
Kellico Services	WBE	\$5,260

The original contract goal for the Hazardous material portion of the work was 2% WBE utilization 10% MBE utilization.

Pier 50 New Maintenance Facility & Related Construction
Cost Estimates

Budget Item Description	Current Estimate	Total Budget	Cost Difference
A. Design & Const'n of New Maintenance Facility		\$4,062,775	
Permits (CHECK)	\$40,948		
KYA/BPA	\$235,118		
Roof Shed D	\$350,000		
Hazmat Shed D	\$150,000		
Construction Contracts	\$2,841,121		
Bld Package A	\$1,482,800		
Bld Package B	\$801,262		
Bld Package C	\$557,059		
Subtotal	\$2,841,121		
Purchase Orders	\$150,000		
Elect'l Equip. Phase I	\$100,000		
Computer Network	\$50,000		
Subtotal	\$150,000		
Subtotal NMF	\$3,767,187		\$295,588
B. Maintenance Facility Relocation Costs		\$405,450	
Port Labor	\$150,000		
As-Needed	\$0		
Overtime	\$150,000		
Heavy Equipment Relocation	\$8,000		
Materials & Supplies	\$150,000		
Dust Collector & Equipment Rental	\$45,000		
Phone Relocation	\$6,756		
Added Expenses	\$94,550		
Subtotal Relocation	\$454,306		(\$48,856)

**Pier 50 New Maintenance Facility & Related Construction
Cost Estimates**

Budget Item Description	Current Estimate	Total Budget	Cost Difference
C. Improvements to Tenant Sites		\$2,858,255	
City Services	\$47,701		
Consultant Services	\$10,000		
Fire Main from Pier 48 to Pier 50	\$250,000		
Hazmat Pier 48	\$484,607		
KYA/BPA	\$529,947		
Construction Contracts	\$1,470,823		
Sprinkler A, B & C			
Hazmat Sheds B & C	\$31,913		
Roofing Sheds B & C	\$1,338,910		
Wall @ Shed C	\$100,000		
Subtotal	\$1,470,823		
 Subtotal Tenant Improvements	 \$2,793,078		 \$65,177
D. Tenant Relocation Costs		\$200,520	
Antenna	\$200,520		
 Subtotal Tenant Relocation	 \$200,520		 \$0
Grand Total	\$7,215,091	\$7,527,000	\$311,909

Pier 46B, SWL 336 Tenant Relocations

Tenant	Status of Relocation
American Airporter	Moved to Pier 50, Shed A.
Flip Way Products	Moved to Pier 50, Shed B.
Royal Charter Marine	Moved to Pier 50, Shed B.
Olympic Ship Supply	Moved to Pier 50, Shed C.
Westar Marine	Moved to Pier 50, Shed C.
Adrian Studios	Moved to Pier 26.
Douglas Broadcasting	Moved to Pier 70.
Quayle & Company	Moved to SWL 337.
Experimental Workshop	Moved off of Port property.
GP Resources	Moved off of Port property.
Southbeach Engine	Moved off of Port property.
3rd Street Pangenesis	License terminated.
Cassidy	Lease terminated.
Joseph Schmidt	License terminated.
MCI	License terminated.
Names Project	Lease terminated.
Underwater World	License terminated.

Item 5 - File 101-94-42.3

Department: Department of Public Works (DPW)

Item: Release of reserved funds for the Department of Public Works (DPW), in the amount of \$900,332 for the purpose of funding the construction management support services for the new Utility Corridor Project of the Earthquake Safety Program Phase II (ESP2) at the San Francisco Zoological Gardens.

Amount: \$900,332

Source of Funds: 1990 Earthquake Safety General Obligation Bonds

Description: In February 1995, the Board of Supervisors approved an appropriation totaling \$18,022,000 of 1990 Earthquake Safety General Obligation Bonds (File 101-94-42) to complete the planning, engineering and environmental review of the Zoo's infrastructure system. Of these funds, \$6,700,000 were placed on reserve for construction and construction services at the Zoo pending the selection of contractors, their MBE/WBE status and the submission of budget details. The Board of Supervisors previously approved the release of \$1,000,000 in December, 1995 (File 101-94-42.1) for the construction of the Zoo Avian Conservation Center Project and \$1,682,974 in July, 1996 (File 101-94-42.2) for construction of the Wet Weather Lift Station. A total of \$4,017,026 remains on reserve.

DPW is now requesting the release of \$900,332 of the previously reserved funds to pay for construction management support services related to the construction of the new Utility Corridor Project at the Zoo. Mr. John Pons of DPW, states that the Utility Corridor Project involves the development of water, gas, electric and sewer systems to support existing Zoo facilities as well as the projects that will be funded by the 1997 Zoo Facilities General Obligation Bonds that were approved by the San Francisco electorate in June of 1997. According to Mr. Pons, these projects include the Zoo's new entry, Zoo Street, African Savanna, Great Ape Forest, South American Gateway, and Children's Center. Mr. Pons advises that the Utility Corridor Project construction is scheduled to begin in February of 1998. The estimated completion date is August of 1999.

Budget: DPW has provided the following contract cost details including the MBE and WBE participation of the proposed \$900,332 contract:

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Memo to Finance Committee
December 3, 1997 Finance Committee Meeting

<u>Prime Contractors:</u>		
Brown & Caldwell (11%)		\$100,089
EPC Consultants, Inc. (MBE, 29%)		262,072
CPM Services, Inc. (MBE, 13%)		117,982
<u>Subcontractors - (7%)</u>		
Parsons Brinckerhoff	\$50,403	
Towill Inc.	<u>10,000</u>	
Subtotal Subcontractors		60,403
<u>Subcontractors - MBE (26%)</u>		
Pac 17	\$189,786	
Orsee Design Associates	15,000	
PSC Associates	<u>25,000</u>	
Subtotal MBE Subcontractors		229,786
<u>Subcontractors - WBE (11%)</u>		
Marilyn Duffey Associates	\$45,000	
Municon Consultants	20,000	
Public Affairs Management	<u>35,000</u>	
Subtotal WBE Subcontractors		100,000
Other Costs (auto mileage, postage, and supplies)		<u>30,000</u>
Total Contract		\$900,332

Attachment 1 is a memo provided by DPW containing additional budget details and describing the management support services to be provided. In addition, the Budget Analyst has reviewed a detailed budget, provided by DPW, for the proposed \$900,332 release of reserved funds including the hours and hourly rates for the services to be provided by the contractors listed above.

Comments:

1. According to Mr. Pons, Brown & Caldwell/EPC Consultants, Inc./CPM Services, Inc., a joint venture, was selected through a Request for Proposal (RFP) process to provide the proposed construction management support services at an amount of \$900,332 related to the Utility Corridor Project. Mr. Pons reports that a total of three firms submitted bids for the project. Brown & Caldwell/EPC Consultants, Inc./CPM Services, Inc. was selected for the project based on the quality of their proposal. Mr. Pons advises that Brown & Caldwell/EPC Consultants, Inc./CPM Services, Inc. will provide consultation services commencing by January 1998 and throughout the project. Attachment 2 contains a list of all firms responding to the RFP and the ranking of each firm.

BOARD OF SUPERVISORS
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2. Mr. Pons reports that a competitive bidding process for the construction contract for the Utility Corridor Project will begin in December. According to Mr. Pons, the construction contract cost is estimated at \$14,938,470 which includes a construction contingency of 10 percent.

3. According to Ms. Meg Robertson at the Human Rights Commission, EPC Consultants, Inc. is in compliance with the provisions of the Equal Benefits Ordinance. According to Ms. Robertson, Brown & Caldwell and CPM Services, Inc. have not yet been certified as being in compliance with the Equal Benefits Ordinance. However, the RFP for the proposed construction management support services was issued prior to June 1997. Therefore the subject contract was not subject to the provisions of the Equal Benefits Ordinance.

Recommendations: Approve the proposed resolution.

City and County of San Francisco

Department of Public Works
Project Management

TO: Monique DeJong
Budget Analyst's Office

DATE: November 17, 1997

FROM: John Pons
Project Manager, Department of Public Works

Subject: San Francisco Zoo Infrastructure Contract
Release of ESP2 Reserve funds for Construction Management Support Services to be provided by Brown & Caldwell/EPC Consultants, Inc./CPM Services, Inc. J.V. (B&C/EPC/CPM J.V.)

Reference is made to your query regarding the justification for B&C/EPC/CPM J.V. Construction Management Support Services contract for subject contract.

The Department of Public Works will provide the lead management services for the construction contract. These services for include Project Management, Resident Engineer services, Civil inspection services and the majority of the materials testing services.

The B&C/EPC/CPM J V consultant contract is a support contract that DPW will draw from to supplement in-house staff shortages and for services that are not available with-in the department. Specifically the major services to be provided by each consultant and sub consultants, their costs, and the reason why they will be required under this consultant contract are as follows:

B&C/EPC/CPM Prime Association

Project Manager (B&C): DPW's main point of contact for consultant's team coordinates and oversees consultant team. \$79,488

Safety Inspector (B&C): Safety inspection of construction operations.
Safety Inspection that DPW cannot perform. \$20,601

B&C Subtotal: \$20,601 \$100,089

Office Engineer (EPC): Full time Office Manager of construction field office coordinates and tracks submittals, change orders, requests for information, etc. DPW has no in-house staff to provide this service at this time. \$262,072

EPC Subtotal: \$262,072 \$262,072

Scheduler (CPM): Quarter-time scheduler to review and approve contractor's base-line and monthly updated schedules. DPW does not have sufficient staff to support the scheduling activity at the level required. \$87,843

Cost Estimating (CPM): Provides back-up cost estimating services for change-order work that DPW cost estimating staff cannot perform. \$30,139

CPM Subtotal: \$30,139 \$117,982

Parsons Brinkerhoff

Microtunneling Advisor: Provide micro-tunnel inspection for new sewer installation. DPW has no staff that can perform this type of inspection. \$7,575

Microtunneling Inspector #1: Provide micro-tunnel inspection for new sewer installation. DPW has no staff that can perform this type of inspection. \$42,828

Parsons Brinkerhoff Subtotal: \$50,403

PAC 17

Microtunneling Inspector #2: Provide micro-tunnel inspection for new sewer installation. DPW has no staff that can perform this type of inspection. \$64,860

Administrative Service: Full time clerical support person for the construction field office. DPW has no available staff to perform this work. \$117,876

Electrical Inspector: Specialized electrical inspection for installation of new switchboards is required. DPW does not have staff to perform this type of inspection. \$7,050

PAC 17 Subtotal: \$189,786

Marylin Duffy Assoc.

Environmental Compliance/Animal/Awareness: Provides monitoring service dealing with animal sensitivity issues as they relate to contractor's construction activities. DPW has no staff to provide this service. \$45,000

Marylin Duffy Assoc. Subtotal: \$45,000

Munican Consultants

Noise/Vibration monitoring: Provides Noise and vibration monitoring to determine if contractor is meeting contractual requirements. DPW has no staff or equipment to provide this service. \$20,000

Munican Consultants Subtotal: \$20,000

Orsee Design Associates

Arborist: Provides Arborist service during construction. DPW has no staff available for this service. \$15,000

Orsee Design Associates Subtotal: \$15,000

PSC Associates

Materials Testing: Provides materials testing that DPW testing laboratory is not able to perform. \$25,000

PSC Associates Subtotal: \$25,000

Public Affairs Management

Public Relations: Provides public information to the general public and San Francisco Zoo visitors. DPW does not have available staff at the level required for the project.

	<u>\$35,000</u>	
Public Affairs Management Subtotal:		\$35,000

Towill Inc.

Survey Control: Provides as needed survey control services if DPW Survey crews are not available.

	<u>\$10,000</u>	
Towill Inc. Subtotal		\$10,000

Other Direct Costs (ODC)

	<u>\$30,000</u>	
Other Direct Costs Subtotal:		\$30,000

Total Labor, Overhead, Subs, Profit and ODC's: \$900,332

Notice to proceed (NTP) for the construction contract work is scheduled for February 1998. However, it will be required that we have our consultant contract awarded in advance of the NTP. The reason for this is that certain consultant services will be required at the pre-bid and pre-construction conferences.

I hope this memo clarifies all your questions. If not please feel free to call me at 558-4017. Thanks.

City and County of San Francisco



Willie Lewis Brown, Jr.
Mayor

Human Rights Commission

Contract Compliance
Dispute Resolution/Fair Housing
Minority/Women/Local Business Enterprise
Lesbian Gay Bisexual Transgender & HIV Discrimination

Marivic S. Bamba
Executive Director

May 20, 1997

Ms. Deirdre Patterson
Department of Public Works
30 Van Ness Avenue
5th Floor
San Francisco, CA 94102

RE: RFP - S F. Zoo Infrastructure CM Construction Project

Dear Ms. Patterson:

We are pleased to advise you that the HRC has completed its analysis of the scoring for the oral interview and has applied the preference points to eligible MBE/WBE/LBE firms in accordance with Chapter 12D of the San Francisco Administrative Code.

The result of HRC's application of the preference points and consequent revised ranking of the teams is as follows:

<u>Ranking</u>	<u>Firm</u>	<u>Raw Score</u>	<u>Preference Points</u>	<u>Score</u>
1.	Brown & JV	291.00	10%=29.10	320.10
2.	West Engineers	256.00	5%=12.80	268.80
3.	O'Brien/Zahn J/V	224.00	5%=11.20	235.20

If you have any further questions, please do not hesitate to contact me at 558-4014.

Sincerely,

Veronica Ng
Contract Compliance Officer

cc: Marivic S. Bamba, HRC
Harlan Kelly, Jr. DPW
Mark A. Primeau, DPW



Item 6 - File 101-94-101.1

Department: Department of Parking and Traffic (DPT)

Items: Hearing to consider the release of reserved funds in the amount of \$1,465,070 to fund site cleanup and soil remediation work at San Francisco General Hospital (SFGH) Parking Garage.

Amount: \$1,465,070

Source of Funds: Parking Meter Revenue Bonds, Series 1994 (\$25 million)

Description: In June of 1995, the Board of Supervisors approved a supplemental appropriation in the amount of \$2,748,891 to fund a) a portion of the construction contingency costs for the new SFGH Parking Garage (\$128,967), b) a portion of the cost of site cleanup and soil remediation at the site of the SFGH Parking Garage (\$1,465,070), c) a portion of the moving costs for the San Francisco Municipal Railway (MUNI) maintenance facility, which was relocated from the site of the SFGH Parking Garage to 1301 Cesar Chavez Street (\$179,000) and d) reimbursements due the Parking Revenue Fund (\$596,554) and the SFGH Operating Fund (\$379,300), which had advanced funds for the SFGH Parking Garage project in order to certify the construction contract for the SFGH Parking Garage in advance of the sale of the Parking Meter Revenue Bonds.

Pending the identification of the proposed contractors, the MBE/WBE status of the contractors, and submission of contract cost details, the \$1,465,070 for site cleanup and soil remediation work at the SFGH Parking Garage was placed on reserve by the Board of Supervisors. This request would authorize release of the \$1,465,070 which was placed on reserve.

Comment: Mr. Ronald Szeto of the Department of Parking and Traffic has requested that this item be continued to the December 10, 1997 meeting of the Finance Committee in order to provide additional information which was requested by the Budget Analyst.

Recommendation: Continue this item to the December 10, 1997 meeting of the Finance Committee, as requested by the Department of Parking and Traffic.

Item 7 - File 100-96-1.11

Department: Mayor's Office of Community Development (MOCD)

Item: Hearing to consider the release of funds reserved by the Board of Supervisors in the FY 1996-97 budget for the Day Labor Program.

Amount: \$100,000

Source of Funds: General Fund

Description: According to the MOCD, the Day Labor Program (the Program) was initiated by the Board of Supervisors in 1991 to assist citizens who were seeking casual employment in the building trades. In the 1996 Community Development Program budget the Board of Supervisors authorized the expenditure of \$91,000 to fund a contract with the Northern California Coalition for Immigrant and Refugee Rights and Services, a nonprofit agency, for the Day Labor Program. Additionally, during the FY 1996-97 budget review process, the Board of Supervisors established a \$100,000 General Fund Reserve for the Program.

This subject request would now appropriate the \$100,000 General Fund Reserve for the MOCD for additional contractual services to be allocated to the Northern California Coalition on Immigrant and Refugee Rights and Services for their administration of the Day Labor Program.

In fact, a total of \$185,943 has already been expended for the Program in FY 1996-97, including \$94,943 of the subject \$100,000 General Fund Reserve although this reserve has not yet been approved for expenditure by the Board of Supervisors. According to Ms. Andrea Guzman of the Northern California Coalition for Immigrant and Refugee Rights and Services, inadvertently a request for Board of Supervisors approval to expend the \$100,000 was not submitted by the MOCD to the Board of Supervisors until September of 1997 due to a misunderstanding. Approval of the subject request for appropriation of the \$100,000 General Fund Reserve on a retroactive basis would reimburse the MOCD for monies already expended by the Northern California Coalition for Immigrant and Refugee Rights and Services.

Memo to Finance Committee
December 3, 1997 Finance Committee Meeting

Budget:

The Northern California Coalition for Immigrant and Refugee Rights and Services has reported that expenditures of \$185,943 for the Day Labor Program in FY 1996-97 were incurred as follows:

Personnel	\$103,997
Consultants and Contractors	20,113
Travel	36
Rent	9,213
Equipment	2,694
Supplies	2,654
Utilities	740
Phone	6,799
Other Overhead	<u>39,697</u>
Total	\$185,943

The Northern California Coalition for Immigrant and Refugee Rights and Services was unable to provide the Budget Analyst with the supporting details for the reported incurred expenditures of \$185,943 noted above.

Comments:

1. As noted above, in addition to this request of \$100,000, the Northern California Coalition for Immigrant and Refugee Rights and Services has previously received an appropriation of \$91,000 in 1996 Community Development Block Grant Funds for the Day Labor Program for total funding of \$191,000. However, actual reported expenditures incurred for the Program totaled \$185,943, or \$5,057 less than the proposed \$191,000 funding allocation. Therefore, this subject request of \$100,000 should be reduced by \$5,057 to \$94,943.

2. The Northern California Coalition for Immigrant and Refugee Rights and Services, serves as the fiscal agent for the Day Labor Program with responsibility to staff and administer the Program. According to the Purchaser's Office, the Northern California Coalition for Immigrant and Refugee Rights and Services is not in compliance with the Equal Benefits Ordinance. However, the requested \$100,000 is for services under a contract entered into prior to the establishment of the Equal Benefits Ordinance and therefore is not subject to its provisions.

3. The Day Labor Program, which is still in operation, is operated from two trailers which are located on City-owned property at 17th and Hampshire Streets and is staffed by 4 full-time employees of the Northern California Coalition for Immigrant and Refugee Rights and Services. Ms. Guzman advises that the Northern California Coalition for

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Immigrant and Refugee Rights and Services has not yet secured a contract or received funding for the Program in FY 1997-98 but is working with the MOCD on this matter. Ms. Guzman advises that the Program's current operations are temporarily being funded through private monies and surplus funds from prior years until the Northern California Coalition for Immigrant and Refugee Rights and Services secures a new contract and funding from the City.

Ms. Guzman states that, in FY 1996-97, the Program provided employment and education services to low-income workers, including 3,614 job listings and 48 educational classes, trainings and presentations, and serves as a liaison between employers and laborers by providing workers with job addresses and other information. The Attachment to this report is a brochure which provides more detailed information about the services offered by the Program.

4. Mr. Madden of the Controller's Offices advises that the approval of this expenditure request from a previously established Board of Supervisors General Fund Reserve will require a supplemental appropriation ordinance and that if the Finance Committee approves the subject request, the Committee should prepare in and report out such an ordinance.

- Recommendations:**
1. Since the requested funds have already been expended, we consider approval of this request to be a policy matter for the Board of Supervisors.
 2. If the Committee approves this request, prepare in and report out a supplemental appropriation ordinance, retroactively, in the amount of \$94,943 in accordance with Comment No. 1 and No. 4 above.

...To Use Our Services

EMPLOYERS

The San Francisco Day Labor Program makes the process for hiring day laborers easy and more efficient by matching an employer's needs with the workers' skills.

Jobs can range in duration from one hour to full time employment. Wages vary depending on the type of work and the skills required. To hire a day laborer through the Program, simply call (415) 252-5375 or stop by the Program site. The following is a guideline of wages* for the most requested jobs:

Gardening	\$8 - \$10 per hour
Moving	\$8 - \$12 per hour
Painting	\$7 - \$10 per hour
General Labor	\$6 - \$8 per hour
Heavy Labor	\$9 - \$12 per hour
Minimum Wage	\$6 per hour
Estimates	FREE

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* Each laborer can negotiate their wages with the employer before performing the work. This is not a guarantee of wages and is only a guideline for employers. Workers are paid directly by the employer. The Program charges no fee to the worker or the employer.

LABORERS

In order to participate in the Program, workers must come to our site every day between the hours of 7am and 11am. You must be clean and sober, and ready to work. There is a waiting period that varies with the availability of jobs. All workers are asked to contribute a minimum of three volunteer hours to the Program.



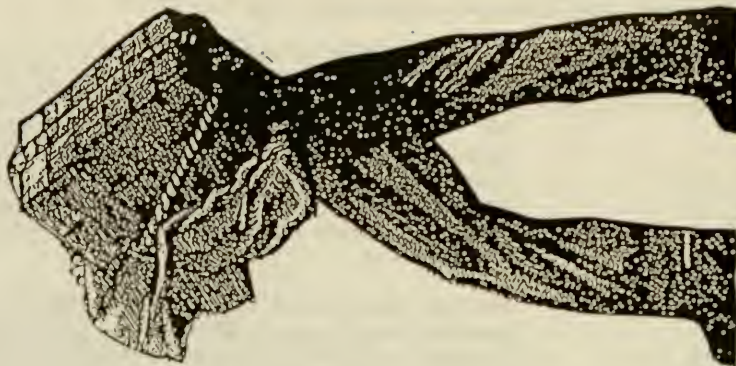
DAY LABOR PROGRAM OF SAN FRANCISCO

Mailing Address: 995 Market Street, Ste. 1108
San Francisco, CA 94103 (415) 252-5375



DAY LABOR PROGRAM
OF SAN FRANCISCO

(415) 252-5375





...Services

JOB DEVELOPMENT/PLACEMENT

The Program actively seeks employment opportunities for day laborers. Local residents, contractors, and businesses are informed of the Program via the media, advertising, and an aggressive flier distribution campaign. Program staff also conduct regular visits to potential employers and job sites to continue broadening the employer base.

... Our Mission

The San Francisco Day Labor Program was established in 1991 to better meet the needs of day laborers, employers, and the community. Our goals are to develop jobs, link workers with potential employers, and provide a gathering place for workers to meet employers. The Program achieves these goals through job development, job placement, outreach and education, and social services.

Many day laborers are immigrants, coping with language and cultural barriers, and struggling to survive. Their determination to work, coupled with cultural differences and lack of information, makes day laborers easy prey to unscrupulous employers who refuse to pay them or who expose them to unsafe working conditions. We encourage workers to develop their own avenues of employment, seek economic independence, and organize themselves to defend their rights.

...You Can Help

DONATIONS

The San Francisco Day Labor Program depends on contributions from individuals, businesses and charitable organizations. Funds are received and managed by a non-profit organization that serves as our fiscal agent. Your financial gift can help insure that the Program's services will continue. We also need and accept donations of the following items: shoes, clothing, food, tools, etc. All donations are tax deductible to the full extent allowable by law. Every gift is greatly appreciated.

VOLUNTEERS

The services of the San Francisco Day Labor Program are made possible by the continued support of volunteers. Join us in serving the needs of day laborers. Volunteers can also earn Project 20 hours with us. For more information, please call (415) 252-5375.

WORK

One of the most important ways that you can help us, is by hiring day laborers through the Program and encouraging others to the same.



DAY LABOR PROGRAM
of San Francisco
(415) 252-5375

Program site:

Franklin Square Park
17th & Hampshire Streets

Hours:

Monday thru Friday: 7am - 3pm
Saturday: 7am - 12 noon

Mailing Address:

995 Market Street, Suite 1108
San Francisco, California 94103

REFERRALS

The Program has established working relationships with social service agencies in order to provide laborers with referrals for clothing, shelter, showers, and legal assistance.

ON-SITE MEDICAL CLINIC

Volunteers from the Department of Public Health helped create a medical clinic at the Program to provide general health exams, STD and TB testing, dental screenings, and counseling. From the clinic, laborers are referred for further treatment to health facilities throughout the City. Condoms, toothbrushes, toothpaste, and shaving razors are distributed regularly.

Item 8 - File 106-96-3.1

Department: Trial Courts

Item: Ordinance amending Ordinance No. 289-96, which set the schedules of compensation and other economic benefits for Fiscal Year 1996-97 for certain classifications of persons employed by the Municipal Court, by adding certain retirement benefits for Court Reporters.

Description: Ordinance No. 289-96 set the salaries and benefits for specified Municipal Court employees for Fiscal Year 1996-97. In that ordinance, as previously approved by the Board of Supervisors, Court Reporters (Classification 0350) were inadvertently omitted from the list of employee classifications that were entitled to a full retirement pickup by the City, effective January 1, 1997. The proposed ordinance would amend Ordinance No. 289-96 to add the Court Reporter classification 0350 to the list of other employee classifications in the Municipal Court that are entitled to receive full retirement pickup by the City, retroactive to January 1, 1997.

Comments: 1. According to Mr. Gordon Park-Li of the Municipal Court, the omission of the Court Reporters from entitlement to receive full retirement pickup in the original ordinance was due to a clerical error.

2. Although Ordinance No. 289-96, previously approved by the Board of Supervisors was effective for Fiscal Year 1996-97, Mr. Park-Li reports that the Court Reporters in the Municipal Court did not realize that they had been omitted from the earlier retirement benefit pickups by the City until after July 1, 1997, when additional retirement benefits became available for these Court employees. According to Mr. Park-Li, there are approximately 20 Court Reporters in the Municipal Court who would be eligible to receive these retroactive retirement benefits and the total cost of such benefits is approximately \$10,000 annually.

3. Ms. Peg Stevenson of the Controller's Office reports that the Controller's Office calculates the additional salary and benefit costs to the City based on the appropriate employee bargaining units and the associated employee classifications included in each bargaining unit. As a result, since the Court Reporters classification 0350 were intended to be included in the original ordinance and were simply omitted due to

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clerical error, the Controller's Office has already included the estimated costs of the proposed ordinance in the previously calculated costs for setting the schedules of compensation and other economic benefits for Municipal Court employees. Therefore, Ms. Stevenson reports that approval of the proposed ordinance would not result in any additional costs to the City.

Recommendation: Approve the proposed ordinance.

Item 9 - File 64-97-18

Department: Department of Real Estate (DRE)
Department of Public Health (DPH)

Item: Authorizing the retroactive extension and renewal of seven existing leases of real property leased by the Department of Public Health.

Description: Each of the proposed leases is summarized below:

(1) Location: 111 Potrero Avenue (ground floor)

Purpose of Lease: Adult Outpatient Mental Health Clinic

Lessor: 111 Potrero Partnership

No. of Sq. Ft. and Cost/Month: approx. 6,000 sq. ft. @ \$0.93/sq. ft./mo. or \$5,602 rent/month

Annual Rent: \$67,226

% Change over 1996-97: None

Utilities and Janitor Provided by Lessor: Janitorial only

Term of Lease: July 1, 1997 on a month-to-month basis (not to exceed 12 months)

Right of Renewal: None

Source of Funds: 55 percent State Funds and 45 percent General Fund monies included in DPH's FY 1997-98 budget.

* * * * *

(2) Location: 755-61 South Van Ness Avenue (ground floor)

Purpose of Lease: Adult Outpatient Mental Health Clinic

Lessor: AIM TWO

No. of Sq. Ft. and Cost/Month: approx. 7,101 sq. ft. @ \$0.80/sq. ft./mo. or \$5,689 rent/month

Annual Rent: \$68,268

% Change over 1996-97: None

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Utilities and Janitor

Provided by Lessor: Janitorial only

Term of Lease: July 1, 1997 on a month-to-month basis (not to exceed 12 months)

Right of Renewal: None

Source of Funds: 55 percent State Funds and 45 percent General Fund monies included in DPH's FY 1997-98 budget.

(3) **Location:** 759 South Van Ness Avenue (entire second floor)

Purpose of Lease: Children's Outpatient Mental Health Clinic

Lessor: AIM TWO

No. of Sq. Ft. and Cost/Month: approx. 6,445 sq. ft. @ \$0.95/sq. ft./mo. or \$6,133 rent/month

Annual Rent: \$73,596

% Change over 1996-97: 5 percent

Utilities and Janitor

Provided by Lessor: None

Term of Lease: July 1, 1997 through June 30, 1998

Right of Renewal: None

Source of Funds: 55 percent State Funds and 45 percent General Fund monies included in DPH's FY 1997-98 budget.

(4) **Location:** 298 Monterey Boulevard (entire property)

Purpose of Lease: Outpatient Mental Health Clinic

Lessor: John William Powell and Sylvia Campbell Powell

No. of Sq. Ft. and Cost/Month: approx. 4,025 sq. ft. @ \$0.71/sq. ft./mo. or \$2,850 rent/month

Annual Rent: \$34,200

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**% Change
over 1996-97:** 24 percent

**Utilities and Janitor
Provided by Lessor:** Janitorial only

Term of Lease: July 1, 1997 on a month-to-month basis (not to exceed 12 months)

Right of Renewal: None

Source of Funds: 55 percent State Funds and 45 percent General Fund monies included in DPH's FY 1997-98 budget.

(5) Location: 3901-3905 Mission Street (portion of ground floor)

Purpose of Lease: Outpatient Mental Health Clinic

Lessor: Giovacchino and Armando Diodati

**No. of Sq. Ft. and
Cost/Month:** approx. 2,570 sq. ft. @ \$1.20/sq. ft./mo. or \$3,084 rent/month

Annual Rent: \$37,008

**% Change
over 1996-97:** None

**Utilities and Janitor
Provided by Lessor:** Landlord provides all janitorial and utility services.

Term of Lease: July 1, 1997 through June 30, 1998

Right of Renewal: None

Source of Funds: 55 percent State Funds and 45 percent General Fund monies included in DPH's FY 1997-98 budget.

(6) Location: 3911 Mission Street (portions of ground floor)

Purpose of Lease: Outpatient Mental Health Clinic

Lessor: Giovacchino and Armando Diodati

**No. of Sq. Ft. and
Cost/Month:** approx. 1,500 sq. ft. @ \$1.20/sq. ft./mo. or \$1,800 rent/month

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Annual Rent: \$21,600

**% Change
over 1996-97:** None

Utilities and Janitor

Provided by Lessor: Landlord provides all janitorial and utility services.

Term of Lease: July 1, 1997 through June 30, 1998

Right of Renewal: None

Source of Funds: 55 percent State Funds and 45 percent General Fund monies included in DPH's FY 1997-98 budget.

(7) Location: 10-20 Twenty-ninth Street (entire property)

Purpose of Lease: Children's Outpatient Mental Health Clinic

Lessor: George, Lois and Lawrence Maisels

**No. of Sq. Ft. and
Cost/Month:** approx. 2,400 sq. ft. @ \$0.62/sq. ft./mo. or \$1,500 rent/month

Annual Rent: \$18,000

**% Change
over 1996-97:** None

Utilities and Janitor

Provided by Lessor: None

Term of Lease: July 1, 1997 on a month-to-month basis (not to exceed 12 months)

Right of Renewal: None

Source of Funds: 55 percent State Funds and 45 percent General Fund monies included in DPH's FY 1997-98 budget.

Comments: 1. The Real Estate Department reports that the proposed rents reflect the fair market value. The rentals for all of the leases will remain the same for FY 1997-98 with the exception of Leases #3 and #4. Mr. Steve Alms of the DRE advises that the rental increase for Lease #3 at 759 South Van Ness Avenue (which increases five percent from the prior year, from \$5,841 monthly to

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\$6,133) is attributed to an increase which was negotiated in 1993 when the Landlord made significant leasehold improvements to the premises on behalf of the City. According to Mr. Alms, the rental increase for Lease # 4 at 298 Monterey Boulevard (which increases 24 percent from the prior year, from \$2,300 monthly to \$2,850) is because the rental rate of \$2,300 monthly for the prior year has been effect since October 1993 when the Landlord agreed to reduce the rent from \$2,611 when a shortage of DPH funds threatened to cause termination of the DPH Outpatient Mental Health Clinic program located at the site.

2. Mr. Alms reports that Leases #1 and #2 have been negotiated on a month-to-month basis because, at the request of the DPH, the DRE has located an alternative site for the relocation and consolidation of the Adult Outpatient Mental Health Clinics currently located at the two sites. According to Mr. Alms an agreement has been reached for the entire premises at 1890 Bryant Street, and work is underway to negotiate an acceptable space plan and lease which would be subject to approval by the Board of Supervisors.

Mr. Alms advises that Leases #4 and #7 have been negotiated on a month-to-month basis because there are seismic and ADA (Americans with Disabilities Act) accessibility problems with the buildings and the DRE is seeking leases at new locations. Such leases would be subject to approval by the Board of Supervisors.

Recommendation: Approve the proposed resolution.

Item 10 - File 101-97-26

Department: Airport

Item: Ordinance appropriating \$4,000,000 from Airport Unappropriated surplus to reduce the landing fees and terminal rental rates charged to the scheduled airlines pursuant to the Lease and Use Agreement between San Francisco Airport and the scheduled airlines.

Amount: \$4,000,000

Source of Funds: Airport Unappropriated Surplus

Description: The proposed ordinance would appropriate \$4,000,000 in Unappropriated Airport surplus for the purpose of reducing landing fees charged to the scheduled airlines which land at the Airport, in accordance with the Lease and Use Agreement between the Airport and the scheduled airlines.

In accordance with the Lease and Use Agreement, if the City estimates an excess of revenues over expenses in the operation of the Airport's Airfield Area or the Airport Support Area at the end of any Fiscal Year, the amount of such excess must be applied as a reduction to the landing fees charged to the scheduled airlines in the ensuing fiscal year.

Further, in accordance with the Lease and Use Agreement, if the City estimates an excess of revenues over expenses in the operation of the Airport's Terminal Area or the Groundside Area at the end of any Fiscal Year, the amount of such excess shall be applied as a reduction to the terminal rental rates charged to the scheduled airlines, in the ensuing fiscal year.

Comments: 1. In prior fiscal years, the revisions to landing fee revenues and terminal rental rate revenues, as are being proposed in this legislation, have been approved by the Board of Supervisors when the Board makes adjustments in adopting the Annual Appropriation Ordinance.

2. The title of the proposed ordinance refers only to a reduction in estimated landing fee revenues, but should also refer to the reduction in terminal rental rates. Further, the proposed ordinance allocates the entire \$4,000,000 to a reduction of landing fees, rather than allocating a portion to landing fees and a portion to terminal rental rates. Therefore, the Department will be submitting a revised supplemental appropriation and requests that this proposed legislation be tabled.

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Recommendation: In accordance with Comment No. 2, table the proposed ordinance.

Items 11 and 12 - Files 101-97-28 & 102-97-9

Department: District Attorney

Items: File 101-97-28: Supplemental appropriation from General Fund Bad Check Diversion Program fees for the creation of 3.5 District Attorney positions and related expenses.

File 102-97-9: Amendment to the FY 1997-98 Annual Salary Ordinance to create 3.5 new positions in the District Attorney's Office.

**Amount of
Supplemental
Appropriation:**

\$189,740

Budget: The budget request of \$189,740, for the period from August 7, 1997 through June 30, 1998, is as follows:

Salaries

8131 Victim Witness Investigator	\$37,281	
8132 DA Investigative Assistant	33,430	
8146 DA Investigator	43,647	
8178 Sr. Attorney (.5 FTE)	<u>32,653</u>	
Total Salaries		\$147,011
Premium Pay (4% of DA Investigator salary for POST certification, per MOU)		1,746
Fringe Benefits		<u>40,983</u>

TOTAL \$189,740

Source of Funds: General Fund Bad Check Diversion Program Fees collected by the District Attorney from implementation of the Bad Check Diversion Program

Description: The proposed supplemental appropriation ordinance would authorize the expenditure of \$189,740 in Bad Check Diversion Program fees for the creation of 3.5 new FTEs and related expenses in the District Attorney's Office for the Bad Check Diversion Program. Under the District Attorney's Bad Check Diversion Program, businesses that participate in the Program post signs, provided by the District Attorney's Office, at the location in the business where monies are collected from customers. The signs display the District Attorney's badge and state that the District Attorney will pursue and prosecute bad check writers. If the participating business receives a bad check, the business notifies the District Attorney's Office which

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attempts to locate the bad check writer, in order to recover the amount of the bad check plus interest and then pay such funds to the participating business.

The District Attorney provides the option to the bad check writer of participating in the Bad Check Diversion Program rather than being prosecuted. The Bad Check Diversion Program provides educational diversion in the form of a four-hour class for bad check writers. The costs of the educational component of the Bad Check Diversion Program are paid for by fees charged to the bad check writer. There are two categories of fees, including an administrative fee of \$35 for each bad check, and a one-time fee of \$85 per participant who attends the Bad Check Diversion Program education class. Thus, each bad check writer who participates in the program pays at least \$120, plus an additional \$35 for each bad check written subsequent to the first bad check written.

Bad check writers may only attend the four-hour class once when the first bad check which they have written is identified. Upon successful completion of the class, the offense does not appear on their criminal record. Individuals who write additional bad checks are ineligible to attend the class again and so are subject to prosecution.

CSS, a private firm, operated the District Attorney's Bad Check Diversion Program for three years, until August, 1997. Under the terms of the previous contract with CSS, the bad check fee was \$25 per check, and the fee for the Bad Check Diversion Program education class was \$50 per participant. The District Attorney received 30 percent, or \$7.50, of the \$25 per check bad check fee, and 30 percent, or \$15, of the one-time \$50 Bad Check Diversion Program fee for the four-hour class. The entire 30 percent of such fees previously accrued to the General Fund. In FY 1996-97, according to Ms. Teresa Serata of the District Attorney's Office, approximately \$53,267 was credited to the General Fund as a result of the Bad Check Diversion Program's fees charged to bad check writers.

Based on a Request for Proposal (RFP) process, the District Attorney has selected a new contractor, National Revenue Corporation (NRC), to operate the Bad Check Diversion Program. CSS and NRC were the only two firms to respond to the RFP. The District Attorney selected NRC because it was the only bidder who was responsive to the RFP, according to Mr. Charles LaMorte of the District Attorney's Office. The RFP established a requirement that

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the contractor must operate the program from an office located within the City, and only NRC complied with that requirement. The RFP also required that the contractor agree to pay the full cost of the proposed 3.5 new positions, and only NRC complied with that requirement. According to Ms. Gail Roberts of the HRC, NRC is not in compliance with the City's Equal Benefits Ordinance. Therefore, approval of these proposed ordinances should be contingent on NRC complying with the Equal Benefits Ordinance. NRC is not an MBE or WBE firm.

The Board of Supervisors previously approved a resolution authorizing the District Attorney to enter into an agreement with NRC to conduct the Bad Check Diversion Program, and declaring that sufficient funds were available to fund the program. (Resolution 798-97).

Under the terms of the new contract, \$5 for each \$35 bad check fee and \$5 for each one-time \$85 fee for the four-hour class charged to the bad check writers accrues to the City's General Fund, and the remainder is retained by the contractor. In addition, the contractor, NRC, will pay for the full cost of the proposed 3.5 new District Attorney positions, at an estimated annual total cost of \$230,098, including salaries and fringe benefits, based on FY 1997-98 Step 3 salaries. Ms. Serata states that the new positions will be appointed at the Step 3 salary rate. According to the District Attorney's Office, NRC estimated that the Bad Check Diversion Program will generate a total of \$284,098 annually from the Program fees to be allocated to the City, including \$54,000 for the General Fund and \$230,098 to pay for the cost of 3.5 requested new positions.

Mr. LaMorte advises that NRC has provided a surety bond to the City in the amount of \$1 million. This surety bond would be used to pay the City for the annual costs of the 3.5 requested new positions, plus \$54,000 per annum for the General Fund, for the three-year term of the contract, should the contractor be unable to generate sufficient fee revenues to pay these amounts to the City.

The total of \$284,098 represents an increase of \$230,831, or over 433 percent in excess of the \$53,267 in fee revenues realized from the Bad Check Diversion Program in FY 1996-97. Based on revenue data and related information submitted to the Controller's Office, the Controller has certified that sufficient fee revenues would be realized to pay for this request. According to Mr. LaMorte, NRC proposes to increase Bad Check Diversion Program

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revenues by:

(1) increasing the number of bad checks processed from 700 checks per month, under the old contract, to 2,000 checks per month under the new contract by (a) using a full-time position to implement community outreach programs to increase participation by San Francisco businesses; and (b) actually prosecuting bad check writers, and advertising that fact to businesses and bad check writers. Previously, according to Ms. Serata, bad check writers who chose not to participate in the Bad Check Diversion Program four-hour class were not prosecuted. The addition of a .5 FTE Sr. Attorney will enable the District Attorney to prosecute bad check writers who do not complete the Bad Check Diversion Program, thereby increasing the incentive for bad check writers, as well as businesses, to participate in the Bad Check Diversion Program; and

(2) increasing the per bad check fee from \$25 under the old contract to \$35 under the new contract, and increasing the fee for the four-hour class from \$50 under the old contract to \$85 under the new contract.

Also, Mr. LaMorte advises, the industry standard for bad check collection rates is 30 percent, but the previous contractor, CSS, collected only an estimated 15 percent of bad checks. NRC's revenue estimates are based on the industry standard of 30 percent, according to Mr. LaMorte.

The proposed amendment to the Annual Salary Ordinance (File 102-97-9) would create 3.5 new positions in the District Attorney's Office for the Bad Check Diversion Program, as follows:

8146 District Attorney's Investigator (1.0 FTE): This position would serve as the Program Manager and would supervise eight to 15 contract caseworkers (i.e., employees of NRC, the contractor), prepare cases for prosecution, prepare search warrants and arrest warrants, and arrest bad check writers who do not complete the program. An 8146 District Attorney's Investigator is a sworn peace officer.

8131 Victim Witness Investigator II (1.0 FTE): This position would interview victims and merchants who receive non-sufficient funds checks; prepare reports on investigations; collect, compile, and assist in preparation of complaint data; assist the Program Manager in the

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supervision of caseworkers; and evaluate cases and determine remedial action.

8132 Assistant District Attorney's Investigator (1.0 FTE): This position would prepare monthly status reports; collect and compile case materials and documentary evidence; and assist the Victim Witness Investigator II in the review of prosecution referrals.

8178 Senior District Attorney (0.5 FTE): This position would be responsible for (a) determining which cases get prosecuted and (b) prosecuting bad check writers who fail to make full restitution.

The following table provides a breakdown of the annual salaries for the 3.5 positions at Step 1 and Step 5.

<u>No. of Positions</u>	<u>Classification</u>	<u>Title</u>	<u>Step 1 (Biweekly-Annual)</u>	<u>Step 5 (Biweekly-Annual)</u>
1	8131	Victim Witness Investigator I	\$1,577 41,160	\$1,914 49,955
1	8132	DA Investigative Assistant	1,421 37,088	1,723 44,970
1	8146	District Attorney's Investigator	1,853 48,363	2,252 58,777
.5	8178	Senior Attorney	1,376 35,914	1,673 43,665
<u>3.5</u>	Total			

Based on FY 1997-98 data, the total combined annual cost of the 3.5 positions would range from \$207,821 at Step 1, including salaries of \$162,525 and fringe benefits of \$45,296, to \$252,373 at Step 5, including salaries of \$197,367 and fringe benefits of \$55,006.

Comments:

1. The budget for this proposed supplemental appropriation ordinance assumes that the 3.5 positions will be in place for 21 pay periods from August 7, 1997 to June 30, 1998. However, the earliest that these positions could be in place would be at the beginning of January, 1998, with only 13 pay periods remaining in the year. Therefore, the proposed supplemental appropriation ordinance should be reduced by \$72,101, from \$189,740 to \$117,639.

2. Businesses who do not participate in the District Attorney's Bad Check Diversion Program either attempt to

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collect on bad checks through collection agencies or by their own efforts, in which case they typically recover only a portion of the bad check amounts, or the businesses accept the loss as a business expense. Businesses are not obligated to report bad check writers to the criminal justice system.

3. According to Mr. LaMorte, the pursuit and prosecution of bad check writers, which will be handled by the District Attorney through the 3.5 requested new positions, should attract more businesses to the District Attorney's Bad Check Program, and will also allow the District Attorney to investigate and prosecute a category of crimes (bad check writing) at no cost to the General Fund. Mr. LaMorte advises that, previously, investigation and prosecution of bad check writers has been prioritized according to the amount of the check, so that numerous bad checks in small amounts were never investigated or prosecuted.

4. According to Ms. Serata, the requested 3.5 new positions must be authorized City employees under the District Attorney instead of contractor positions because:

(1) the District Attorney cannot delegate peace officer authority to a private contractor, and the proposed 8146 D.A. Investigator would actually arrest bad check writers who do not complete the program;

(2) the District Attorney cannot delegate authority to prosecute, and the proposed 8178 Sr. Attorney would prosecute bad check writers who do not complete the program; and

(3) the District Attorney wishes to have all of these positions responsible to the District Attorney's Office rather than the contractor.

5. Ms. Serata advises that the contract obligates NRC to pay for the full costs of the 3.5 requested new positions for the term of the contract, plus any salary increases which these positions are granted. The term of the contract is three years from the date of execution. The contract is anticipated to be executed December 1, 1997, and would continue until November 30, 2000. Since, according to Ms. Serata, the positions would be terminated at the end of the three year contract, unless the contract with NRC is renewed or a new contractor assumes the cost of these positions, the 3.5 requested new positions should be designated as "L," or Limited Tenure positions.

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- Recommendations:**
1. Reduce the proposed supplemental appropriation ordinance (File 101-97-28) by \$72,101, from \$189,740 to \$117,639, in accordance with the Comment No. 1 above.
 2. Amend the proposed amendment to the Annual Salary Ordinance (File 102-97-29) by designating the requested 3.5 new positions as "L," or Limited Tenure positions, in accordance with Comment No. 5 above.
 3. Amend the proposed ordinance (File 101-97-28) to make approval of the ordinance contingent on the contractor, National Revenue Corporation (NRC), complying with the City's Equal Benefits Ordinance.
 4. Based on (a) prior approval by the Board of Supervisors of legislation authorizing the District Attorney to enter into a contract with NRC and (b) the fact that NRC has provided the City with a surety bond in the amount of \$1 million to guarantee (1) the annual cost of the requested 3.5 new positions and (2) an additional \$54,000 annually in Program fee revenues for the City's General Fund annually for the three-year contract period, we recommend approval of the proposed ordinances as amended.

Item 13 - File 101-97-30

Department: Mayor's Office

Item: Supplemental appropriation ordinance in the amount of \$800,000 to fund start-up costs for the San Francisco Comprehensive Juvenile Justice Action Plan.

Amount: \$800,000

Source of Funds: AB 3229 Citizens Option for Public Safety Program (COPS)

Description: The Comprehensive Juvenile Justice Action Plan (the Plan) was developed by Delancey Street Foundation, a non-profit agency, in conjunction with the Mayor's Office in order to provide a continuum of responses to juvenile crime and delinquency in the City. In November of 1997, the Board of Supervisors approved the acceptance and expenditure of a grant in the amount of \$5,407,983 from the State Board of Corrections to fund the six programs that make up the Plan (see below). According to Mr. Eugene Clendinen of the Mayor's Office, the previously approved grant of \$5,407,983 was for direct services and evaluation of those services only and did not include operating costs or one-time start-up costs for the six programs.

Mr. Clendinen advises that the proposed supplemental appropriation request in the amount of \$800,000 would fund one time start-up costs for five of six pilot programs. The monies would be administered by the Delancey Street Foundation, a non-profit organization, which was selected to oversee the implementation of the six programs on a sole source basis because the Delancey Street Foundation developed the Plan and, according to Mr. Clendinen, is uniquely qualified to implement the six programs.

The requested \$800,000 would be funded from State AB 3229 COPS grant monies. The State requires that each county receiving COPS monies establish a Supplemental Law Enforcement Oversight Committee to oversee the expenditure of each county's COPS allocation. San Francisco's Supplemental Law Enforcement Oversight Committee is composed of the Chief of Police, the Sheriff, the District Attorney, the Director of Administrative Services and the Director of the Mayor's Criminal Justice Council. The City has received a total of \$2,343,457 in COPS funds in FY 1996-97 to fund certain law enforcement activities and \$1,498,274 of such monies has been previously approved by the Board of Supervisors, leaving a balance of \$845,183. The Supplemental Law Enforcement Oversight Committee has

recommended that \$800,000 of the City's remaining unexpended balance of \$845,183 in FY 1996-97 COPS monies be allocated to the Juvenile Justice Action Plan. The remaining \$45,183 (\$845,183 minus \$800,000) in unexpended FY 1996-97 COPS funds will be the subject of separate legislation to be submitted to the Board of Supervisors for approval.

Mr. Clendinen advises that one-time start-up costs for five of the six pilot programs that the subject supplemental appropriation of \$800,000 would fund are as follows:

- (1) Community Assessment Center
- (2) Life Learning Day Treatment Center
- (3) Safe Haven
- (4) Safe Corridor
- (5) Early Risk/Resiliency & Strengths Determination

The Attachment to this report, provided by the Mayor's Office, contains a description of each of the programs listed above. According to Mr. Clendinen, the five programs described above are slated to begin in January 1998. The sixth proposed pilot program, which is not funded under this request, is Life Learning Residential Treatment Center. Mr. Clendinen advises that this program will not be in operation until later in 1998 and will be the subject of separate legislation.

Budget:

The proposed budget for the \$800,000, provided by the Delancey Street Foundation, is as follows:

Equipment and Furniture (See Comment No. 1)	\$406,242
Materials and Supplies	46,000
Training (See Comment No. 2)	45,000
Renovations (See Comment No. 3)	250,000
Other Expenses (See Comment No. 4)	<u>52,758</u>
Total	\$800,000

Comments:

1. According to Mr. Clendinen, the \$406,242 for Equipment and Furniture would fund desks, file cabinets, chairs, copier, fax machine, computers and other items for the five programs. The Budget Analyst has reviewed a detailed budget, provided by the Mayor's Office, which supports the \$406,242 request for Equipment and Furniture.

2. According to Mr. Clendinen, the \$45,000 for Training represents only a small portion of the overall staff training budget for the five programs. As of the writing of this report, the Mayor's Office was unable to provide the Budget Analyst with contract details for the proposed training services,

including the contractor(s) selected, contractor hours, hourly rates, MBE/WBE status, and compliance with the Equal Benefits Ordinance. Therefore, the \$45,000 for Training should be reserved pending submission of such details. Mr. Clendinen reports that this information will be presented to the Finance Committee at its December 3, 1997 meeting.

3. According to Mr. Clendinen, the Community Assessment Center and Life Learning Day Treatment Center will be located in the YMCA building at 220 Golden Gate Avenue in the Tenderloin area. Mr. Clendinen advises that the YMCA has donated to the City, for the period of 3 years, the use of approximately 3 floors in the building—two will be exclusively for City use and one will be shared between the YMCA and the City. Mr. Clendinen states that the \$250,000 requested for Renovations will fund the construction of interior walls for office space and other needs to turn the space into offices and classrooms as required for the two programs administered there by the Delancey Street Foundation. The \$250,000 will fund the renovation of 5,000 square feet at a cost of \$50 per square foot.

4. Mr. Clendinen advises that the \$52,758 for Other Expenses would fund telephone costs, utilities, and medical equipment. The Budget Analyst has reviewed a detailed budget, provided by the Mayor's Office, which supports the \$52,758 request for Other Expenses.

5. According to the Human Rights Commission, the Delancey Street Foundation is in compliance with the Equal Benefits Ordinance.

- Recommendations:**
1. Reserve \$45,000 for Training pending submission of contract details for the proposed training services, including the contractor(s) selected, contractor hours, hourly rates, MBE/WBE status, and compliance with the Equal Benefits Ordinance. The Mayor's Office advises that this information will be reported to the Finance Committee at its December 3, 1997 meeting.
 2. Approve the proposed supplemental appropriation ordinance in the amount \$800,000, contingent upon the submission of Training contract details as noted above.

SUMMARY OF JUVENILE JUSTICE LOCAL ACTION PLAN PROGRAMS**EARLY RISK, RESILIENCE AND STRENGTHS**

Assess the risks and resilience of an entire San Francisco neighborhood (Mission/Excelsior District) and develop positive social norms and strengths in the neighborhood. The Mission District currently has the highest levels of juvenile crime in the city.

Identify through data sharing early warning signs in children who, because of individual family, and/or community factors are at high risk for becoming serious, violent, chronic offenders

Develop strengths assessment instrument that will allow us to target particularized programs geared to provide opportunities for these youths to develop their own strengths as well as to strengthen their families.

COMMUNITY ASSESSMENT AND REFERRAL CENTER

Central intake point for youths who have been taken into custody to receive comprehensive assessment. This center will improve case management and treatment, make efficient use of law enforcement, juvenile justice and treatment resources, avoid unnecessary detention, enhance information sharing across agencies and better monitor system performance. Pilot project is four neighborhoods: Tenderloin, Chinatown, Bay View Hunters Point and Mission.

LIFE LEARNING PROGRAM

Community day setting with surround services that will provide the same intensity and range as long-term residential programs. Provide life learning including character and integrity building, vocational, academic, life skills and development of responsibility for self and others.

SAFE HAVEN

Program located in Bay View Hunters Point where youth can go after school from 3 to 9 p.m. for structured help with homework, recreation, social support and discipline. Mentoring will be a strong component, tying the youth to the Safe Haven and existing opportunities that can be built upon. A coordinated effort will also be undertaken to link teens with employment and training opportunities in the community.

SAFE CORRIDOR

Provides a balanced combination of coordinated youth services, recruitment and mobilization of volunteers, teachers, parents, and local business owners to provide an increased presence along Mission Street during afterschool hours, enhance law enforcement efforts that include targeting crime "hot spots".

LIFE LEARNING RESIDENTIAL FOR GIRLS

Program will provide a full range of high quality academic, vocational, life-skill services, family reunification where possible and development of kinship/extended family structure for youth with no available family. Special attention will be paid to issues of sexual abuse, parenting and teen pregnancy.

Item 14 - File 101-97-33

Department: Mayor's Office of Children, Youth and Their Families
(MOCYF)

Item: Ordinance appropriating \$100,000 from the General Fund Reserve for the Youthline Program for Fiscal Year 1997-98.

Amount: \$100,000

Source of Funds: Youthline General Fund Reserve
Established by the Board of Supervisors in the FY 1996-97 budget process

Budget: Contractual Services
Proposal Writing \$4,000
Programming & Database Creation 48,000
Start-up and Planning 48,000
TOTAL CONTRACTUAL SERVICES \$100,000

Description: The proposed ordinance would appropriate \$100,000 from the Youthline General Fund Reserve for program development and start-up costs for the MOCYF Youthline Program. The Youthline Program will coordinate a telephone hotline to provide resource and referral services to San Francisco youth. In addition, the Youthline Program will provide a database providing resource and referral information related to youth.

The Board of Supervisors established the \$100,000 Youthline General Fund Reserve during the FY 1996-97 annual budget process. However, these funds were not requested for appropriation in FY 1996-97. This proposed supplemental appropriation request would now appropriate the \$100,000 Youthline General Fund Reserve.

The entire \$100,000 amount of this supplemental appropriation request for the Youthline Program would be designated for contractual services, as follows:

(1) The Youthline will be administered by Community in Harmony Advocating for Learning and Kids (CHALK), a non-profit organization, which would receive \$48,000 for Start-up and Planning. CHALK will perform planning activities, including identifying potential funders, establishing a training curriculum, and setting up hardware and software technology. CHALK will provide 500 hours at an average hourly rate of \$96. CHALK was selected on a sole source basis by the MOYCF, because the MOCYF needed a

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community-based organization that is familiar with the Youthline technology, and CHALK is the only San Francisco community-based organization with demonstrated experience in this area, according to Mr. Joseph Lam of MOCYF.

(2) Marci Brown, a WBE firm, would provide approximately 67 hours of proposal writing at \$60 per hour, for a total of \$4,000. Ms. Brown wrote, produced and submitted a proposal to the Department of Commerce, which was ultimately not funded, Mr. Lam reports. According to Mr. Lam, Marci Brown was selected on a sole source basis, because of her familiarity with the Department of Commerce and this type of program.

(3) Andrew Wong & Associates, an MBE firm, would provide the Programming and Database element of this Program. Andrew Wong and Associates would provide 541 hours of services at an average cost per hour of approximately \$88, for a total of \$48,000. Andrew Wong & Associates was selected on a sole source basis, because the firm was primarily responsible for initial development of the Youthline database with SFUSD, Mr. Lam reports.

Andrew Wong & Associates, CHALK and Marci Brown are all in compliance with the City's Equal Benefits Ordinance, according to Ms. Cynthia Goldstein of the Human Rights Commission.

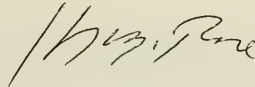
Comment:

Mr. Lam reports that, in addition to the start-up costs for CHALK, CHALK will operate the Youthline Program. All of the positions associated with the Youthline Program would be employed by the contractor, CHALK. The Youthline Program is to be staffed by youth telephone operators under the direction of Youthline Program managers. The total operating budget for the Youthline Program is estimated at \$480,000 annually, Mr. Lam advises, which is to be funded in the current fiscal year by a \$150,000 allocation from the City's Proposition J Children's Fund, and from grants from private foundations and individual donors. Mr. Lam anticipates that the Youthline Program will be fully operating in January of 1998.

Mr. Lam advises that MOCYF is currently assisting CHALK to identify outside funders, particularly corporate funders, such as telecommunications companies, to support their \$480,000 annual operating budget. MOCYF is strongly encouraging CHALK to rely on outside funders for their operating budget, according to Mr. Lam. However, CHALK

may apply for a Children's Fund grant in the future if they are unable to obtain full funding for the Youthline Program's annual operating budget, Mr. Lam reports. In that case, CHALK would be required to participate in the competitive funding process with other San Francisco community-based organizations.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Leal
President Kaufman
Supervisor Brown
Supervisor Ammiano
Supervisor Bierman
Supervisor Katz
Supervisor Medina
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Supervisor Yee
Clerk of the Board
Controller
Matthew Hymel
Stephen Kawa
Ted Lakey

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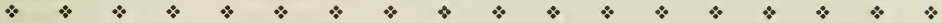
Finance Committee Board of Supervisors City and County of San Francisco REGULAR MEETING

WEDNESDAY, DECEMBER 10, 1997, 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVENUE, ROOM 410
SAN FRANCISCO, CA 94102

MEMBERS: Supervisors Susan Leal, Barbara Kaufman, Amos Brown

CLERK: Rosemary Little-Horanzky



Disability Access



Both the Committee Room (Room 410) and the Chamber (Room 404) are wheelchair accessible. The closest accessible BART Station is Civic Center, four blocks from the Veterans Building. Accessible MUNI lines serving this location are: #42 Downtown Loop and the #71 Haight/Noriega and the F line to Market and Van Ness and the METRO stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call 923-6142.



There is accessible parking in the vicinity of the Veterans Building adjacent to Davies Hall and the War Memorial Complex.



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The following services are available on request 48 hours prior to the meeting or hearing:

- ❖ For American sign language interpreters or the use of a reader during a meeting, contact Violeta Mosuela at (415) 554-7704.
- ❖ For a large print copy of an agenda, contact Moe Vazquez at (415) 554-4909.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

FINANCE COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

REGULAR MEETING

WEDNESDAY, DECEMBER 10, 1997 - 1:00 P.M. VETERANS BUILDING
401 VAN NESS AVENUE
ROOM 410

MEMBERS: SUPERVISORS SUSAN LEAL, BARBARA KAUFMAN, AMOS BROWN

CLERK: ROSEMARY LITTLE-HORANZY

1. File 42-97-1. [Street Closure Fee Waiver] Ordinance waiving fees charged by the City and County for the closure of streets for the TET Festival, 1997. (Supervisor Yee)

ACTION:

2. File 101-94-101.1. [Reserved Funds, Dept. of Parking and Traffic] Hearing to consider release of reserved funds, Department of Parking and Traffic (Parking Meter Revenue Bond proceeds), in the amount of \$1,465,070, for soil remediation work at San Francisco General Hospital Parking Garage. (Department of Parking and Traffic)
(Continued from 12/3/97.)

ACTION:

3. File 97-97-44. [Employee Claims - Payment Approval] Ordinance amending Administrative Code by repealing Sections 10.25-8 and 10.25-9, dealing with nonuniformed employee claims for damaged and stolen property, respectively, and adding new Sections 10.25-8 and 10.25-9, providing that such claims shall be approved by the department head, or, for claims in excess of \$1,000, by the Department head, the Controller and the Board of Supervisors. (Supervisors Kaufman, Medina)

ACTION:

4. File 170-97-11. [Citywide Emergency Radio System Financing] Resolution approving the issuance of Lease Revenue Bonds (not to exceed \$35,000,000) of the City and County of San Francisco Finance Corporation; approving the execution and delivery of a site lease agreement between the City and County of San Francisco, as lessor, and the City and County of San Francisco Finance Corporation, as lessee, relating to certain police, fire, and health facilities located in the City (as further described in this resolution); approving the execution and delivery of a lease and option to purchase between the corporation, as lessor, and the City, as lessee, relating to the property (including certain indemnification provisions therein); approving the execution and delivery of an indenture of trust among the corporation, the City and the trustee; approving the execution and delivery of a continuing disclosure certificate relating to said Bonds; approving the circulation of an official statement relating to said Bonds; ratifying previous actions taken in connection with the foregoing matters; adopting findings under the California Environmental Quality Act and findings pursuant to Planning Code Section 101.1; and authorizing the taking of appropriate actions in connection therewith. (Mayor)

ACTION:

5. File 65-97-14. [Lease of Property] Resolution authorizing a 40-year lease of Public Utilities Commission land between the City and County of San Francisco and Artichoke Joes, in the City of San Bruno, San Mateo County. (Public Utilities Commission)
(Continued from 11/19/97.)

ACTION:

6. File 65-97-15. [Lease Agreement, Port/Kelly's Mission Rock, LLC] Resolution approving lease agreement with Kelly's Mission Rock, LLC, a California limited liability company and the City and County of San Francisco operating by and through the San Francisco Port Commission for the Mission Rock Resort Restaurant located at 817 Terry Francois Boulevard. (Port)

ACTION:

7. File 101-97-19.1. [Reserved Funds, Trial Courts] Hearing to consider release of reserved funds, Trial Courts (Courthouse Construction Fund), in the amount of \$175,850, to fund the contractual services of NorCal movers. (Superior and Municipal Courts)

ACTION:

8. File 100-97-1.5. [Reserved Funds, Municipal Railway] Hearing to consider release of reserved funds, Municipal Railway, in the amount of \$36,598 to fund the operating needs of the Muni Reproduction Unit. (Public Transportation Commission)

ACTION:

9. File 64-97-19. [Lease Renewal, Three Parking Lots] Resolution authorizing three renewal leases for parking lots located in the vicinity of Sixth and Harrison Streets described as SFX80-21, SFX80-22, and SFX80-23 (Caltrans property), for the Police Department and Sheriff retroactive to September 1, 1997. (Real Estate Department)

ACTION:

10. File 84-97-6. [Property Acquisition, 20 Lessing Street] Resolution approving and authorizing an agreement for purchase and sale of real property in the Excelsior-Cayuga District generally described as 20 Lessing Street (Lot 1 in Assessor's Block 7160) for open space purposes and adopting findings pursuant to Planning Code Section 101.1. (Purchase price \$80,000, plus title insurance and escrow fees not to exceed \$3,000). (Real Estate Department)

ACTION:

11. File 25-97-17. [Prop J Contract, Intake and Shelter Services] Resolution concurring with the Controller's certification that intake and shelter services to status offenders can be practically performed by private contractor for lower cost than similar work services performed by City and County employees. (Juvenile Probation Department)

ACTION:

12. File 121-96-13.1. [Permit Fees for Tow Car Firms] Ordinance amending Police Code by amending Sections 2.26 and 2.27 to reduce tow car firm license fees. (Police Department)

ACTION:

13. File 101-97-31. [Appropriation, Mayor's Office] Ordinance appropriating and rescinding \$95,200 for salaries and fringe benefits and for the creation of two (2) positions for fiscal year 1997-98; companion measure to File 102-97-10. RO #97149. (Controller)

ACTION:

14. File 102-97-10. [Salary Ordinance Amendment, Mayor's Office] Ordinance amending Ordinance No. 307-97 (Annual Salary Ordinance, 1997/98), Mayor's Office, reflecting the creation of two (2) positions (Class 1363 Special Assistant IV and 1369 Special Assistant X); companion measure to File 101-97-31. (Department of Human Resources)

ACTION:

15. File 101-97-36. [Appropriation, Office of Citizen Complaints] Ordinance appropriating \$230,180, Office of Citizen Complaints-Police Department (\$154,647 from General Reserve-Office of Citizen Complaints and \$75,533 from San Francisco International Airport Reserve Fund) for salaries, fringe benefits, rent, other current expenses, materials and supplies, equipments and services of other department and for the creation of three positions; companion measure to File 102-97-12. (Mayor Willie L. Brown, Jr.)

ACTION:

16. File 102-97-12. [Salary Ordinance Amendment, Police Department] Ordinance amending Annual Salary Ordinance 307-97 reflecting the creation of three new positions in the Police Department, Office of Citizen Complaints. (Mayor Willie L. Brown, Jr.)

ACTION:

17. File 101-97-32. [Appropriation, Public Utilities Commission] Ordinance appropriating \$1,648,000, Public Utilities Commission, from Clearwater fund balance to claims and judgments, PUC-Clearwater Program, for fiscal year 1997-98 and authorizing settlement of litigation of Walter and Ramona Yee against the City and County of San Francisco; companion measure to File 45-97-123. RO #97146. (Controller)

ACTION:

LITIGATION

The Finance Committee of the Board of Supervisors may decide, by motion, to meet in closed session under the provisions of Government Code Section 54956.9(a) to discuss proposed settlement of the litigation listed below, this litigation involving the City and County of San Francisco. This motion would be made on the basis that discussion in open session of this proposed settlement would prejudice the position of the City in this litigation.

18. File 45-97-123. [Yee v. CCSF] Ordinance authorizing settlement of litigation of Walter and Ramona Yee against the City and County of San Francisco by payment of \$1,648,000; companion measure to File 101-97-32. (Superior Court No. 980-740.) (City Attorney)

ACTION:

19. File 45-97-127. [Santa Clara County District Transit v. CCSF] Ordinance authorizing settlement of litigation of Santa Clara County District Transit District against the City and County of San Francisco by payment of \$51,800. (See File 82-97-1). (Santa Clara County Superior Court No. CV 762485). (City Attorney)

ACTION:

The Finance Committee of the Board of Supervisors may find that it is in the best interests of the City not to disclose any information revealed in its closed session deliberation in the above items at this time and may move not to disclose any information at this time.

LEGISLATION UNDER THE 30-DAY RULE

Rule 5.40 provides that when an ordinance or resolution is introduced which would create or revise major city policy, the committee to which the legislation is assigned shall not consider the legislation until at least thirty days after the date of introduction. Now pending:

File No. 127-97-10, Taxes, Common Administrative Provisions, Ordinance, (Supervisor Kaufman), 30 day Rule expires 12/10/97.

File No. 127-97-11, Transient Occupancy Tax, Ordinance, (Supervisor Kaufman), 30 day Rule expires 12/10/97.

File No. 127-97-12, Parking Tax, Ordinance, (Supervisor Kaufman), 30 day Rule expires 12/10/97.

File No. 127-97-13, Utility Users Tax, Ordinance, (Supervisor Kaufman), 30 day Rule expires 12/10/97.

File No. 127-97-14, Emergency Response Fee, Ordinance, (Supervisor Kaufman), 30 day Rule expires 12/10/97.

File No. 127-97-15, Stadium Operators Tax, Ordinance, (Supervisor Kaufman), 30 day Rule expires 12/10/97.

File No. 127-97-16, Payroll Expense Tax, Ordinance, (Supervisor Kaufman), 30 day Rule expires 12/10/97.

File No. 127-97-17, Gross Receipts Tax, Ordinance, (Supervisor Kaufman), 30 day Rule expires 12/10/97.

Watch future calendars for scheduling of these matters.

FINANCE COMMITTEE

S.F. Board of Supervisors

Veterans Building

401 Van Ness Avenue, Room 308

San Francisco, CA 94102

IMPORTANT HEARING NOTICE!!!

CITY AND COUNTY



OF SAN FRANCISCO

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BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

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December 5, 1997

TO: Finance Committee

FROM: Budget Analyst *Recommendations for meeting of*

SUBJECT: December 10, 1997 Finance Committee Meeting

Item 1 - File 42-97-1

Item: Ordinance waiving fees charged by the City and County of San Francisco for the closure of streets for the TET Festival.

Description: The proposed ordinance would waive fees charged by the City for the closure of Larkin Street between Eddy and O'Farrell Streets, and Ellis Street between Polk and Hyde Streets for the 1997 TET Festival. The TET Festival, sponsored by the Vietnamese Community Center of San Francisco, is a celebration of the Vietnamese New Year. The Vietnamese Community Center of San Francisco has not paid its outstanding fees for the 1997 TET Festival, which took place on February 21, 1997. According to the proposed ordinance, the organization is unable to pay the fees due to financial hardship. Ms. Cindy Shamban of the Department of Parking and Traffic (DPT) advises that the Vietnamese Community Center currently owes a total of \$1,184, including \$532 for the Police Department, and \$652 for the DPT, in unpaid fees for the 1997 TET Festival. The fees are based on the recovery of the City's costs, in accordance with regulations on the Temporary Use of Streets for Street Fairs, Section 2.70-6 of the City's Administrative Code.

The Vietnamese Community Center is currently applying for a street closure permit for the 1998 TET Festival, which is scheduled for January 25, 1998. The City cannot process the 1998 street closure permit application until the 1997 fees are paid or waived. This proposed ordinance would authorize waiving the \$1,184 in outstanding fees for the 1997 TET Festival.

Comments:

1. Mr. Minh Huynh of the non-profit Vietnamese Community Center of San Francisco advises that 1997 was the first year that his organization sponsored the TET Festival. Mr. Minh states that the Vietnamese Community Center of San Francisco had expenses of \$7,500 for the 1997 TET Festival, not counting the subject fees of \$1,184 charged by the City, and revenue of \$3,445, for a net deficit of \$4,055 without counting the subject City fees.

2. Mr. Minh states that the Vietnamese Community Center of San Francisco will try to avoid requesting a waiver of the 1998 TET Festival fees. Mr. Minh advises that he expects revenue for the second year (1998) of the TET Festival to exceed the 1997 (first year) revenue. Mr. Minh further advises that the Vietnamese Community Center of San Francisco plans to apply for an allocation of Hotel Tax Fund monies for 1998.

3. Ms. Shamban reports that there were approximately 28 major street fairs in San Francisco during 1997. She does not anticipate any fee waiver requests for 1997 street fair fees, other than the subject request for waiver of fees for the 1997 TET Festival.

4. At the request of the Board of Supervisors, the Budget Analyst last reported on the waiver of fees by Street Fairs for calendar year 1993. In that year there were 22 Street Fairs. Total costs to the City were \$455,754. Total amounts billed were \$81,120. (The amounts billed by the Police and Fire Departments are based on a flat fee, rather than actual costs.) The DPT was unable to update this information in time to include 1996 summary figures in this report.

5. Mr. Buck Delventhal of the City Attorney's Office advises that the Board of Supervisors has the authority to waive these City department fees, which would otherwise accrue to the City's General Fund.

Recommendation: Approval of the proposed ordinance is a policy decision for the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Finance Committee
December 10, 1997 Finance Committee Meeting

Item 2 - File 101-94-101.1

Note: This item was continued by the Finance Committee at its meeting of December 3, 1997.

Department: Department of Parking and Traffic (DPT)

Items: Hearing to consider the release of reserved funds in the amount of \$1,465,070 to fund site cleanup and soil remediation work at San Francisco General Hospital (SFGH) Parking Garage.

Amount: \$1,465,070

Source of Funds: Parking Meter Revenue Bonds, Series 1994 (\$25 million)

Description: In June of 1995, the Board of Supervisors approved a supplemental appropriation in the amount of \$2,748,891 to fund a) a portion (\$128,967) of the construction contingency costs for the new SFGH Parking Garage, b) a portion (\$1,465,070) of the cost of site cleanup and soil remediation at the site of the SFGH Parking Garage, c) a portion (\$179,000) of the moving costs for the San Francisco Municipal Railway (MUNI) maintenance facility, which was relocated from the site of the SFGH Parking Garage to 1301 Cesar Chavez Street and d) \$975,854 in reimbursements due the Parking Revenue Fund (\$596,554) and the SFGH Operating Fund (\$379,300), which had advanced funds to the SFGH Parking Garage project in order to be able to certify the construction contract for the SFGH Parking Garage in advance of the sale of the Parking Meter Revenue Bonds.

Pending the identification of the proposed contractors, the MBE/WBE status of the contractors, and submission of contract cost details, the \$1,465,070 for site cleanup and soil remediation work at the SFGH Parking Garage was placed on reserve by the Board of Supervisors. This request would authorize the release of the \$1,465,070.

The total estimated costs for site cleanup and soil remediation for the SFGH Parking Garage is \$4,611,476. Of that amount, contracts for site cleanup and soil remediation of \$3,146,406 have been awarded. The Department of Parking and Traffic is requesting release of the remaining \$1,465,070 on reserve for site cleanup and soil remediation work at the SFGH Parking Garage, which is the Department's estimated cost of the remaining site cleanup and soil remediation work to be performed.

Memo to Finance Committee
December 10, 1997 Finance Committee Meeting

Budget:

A budget summary is as follows:

Site Cleanup and Soil Remediation Work	\$1,098,000
Health Risk Exposure/Public Meetings	100,000
Utilities and Sewer Charges	150,000
Support Activities (DPW staff for inspections and regulatory meetings)	<u>117,070</u>
Total	\$1,465,070

Attachment I, provided by the DPT contains additional detailed budget information and funding sources to support this request of \$1,465,070, including contractor costs, MBE/WBE status, hourly rates, status under the Equal Benefits Ordinance, DPW staff details, and the basis for the utility and sewer charges. Attachment II, provided by the Department, contains a budget and funding sources for the entire SFGH Parking Garage project work, with a total estimated project cost of \$21,863,891. Actual costs to date are \$19,043,396. According to Mr. Ronald Szeto of the Department of Parking and Traffic, the project is substantially completed, and the only work remaining is site cleanup and soil remediation, with a total estimated cost of \$1,465,070 which is the subject of this request. Mr. Szeto reports that the only remaining invoices not yet processed are for change orders concerning Americans with Disabilities Act (ADA) requirements, fire protection, and electrical service.

Comments:

1. As noted above, this request of \$1,465,070 was placed on reserve by the Board of Supervisors in June of 1995. According to Mr. Szeto reports that a request to release these funds was not made previously because funds to perform the final portion of the site cleanup and soil remediation work were not needed until now. Mr. Szeto further reports that site cleanup and soil remediation at the SFGH Garage began in December of 1995, and is expected to be completed in the final quarter of 1999, at a total cost of \$4,611,476. Mr. Szeto states that he does not expect that the Department will be seeking additional funding for site cleanup and soil remediation at the SFGH Parking Garage.

2. As shown in Attachment I, DPT has not yet selected contractors for Process Modifications, in the estimated amount of \$250,000, or for Site Decommissioning, in the amount of \$268,000, for a total of \$518,000. Therefore, a total of \$518,000 should remain on reserve.

3. According to Mr. Szeto, the SFGH will accommodate a total of 807 vehicles. Mr. Szeto reports that although the final site cleanup and soil remediation work is not yet completed, the SFGH Parking Garage has been in operation since July of 1996.

4. According to Mr. Szeto, the SFGH Parking Garage is used by City employees (primarily SFGH employees), patients, visitors, volunteer workers, and by the general public. Ms. Anne Okubo of Department of Public Health reports that SFGH employees who use the SFGH Garage on a regular basis pay \$35 per month for day parking and \$25 per month for night and weekend parking. These rates were approved by the Board of Supervisors in June of 1996 (File No. 7-96-7).

5. According to the Human Rights Commission, AGS, Inc., and Mara Feeney Associates are not in compliance with the City's Equal Benefits Ordinance. Therefore, the release of funding for AGS, Inc., in the amount of \$100,000 and for Mara Feeney Associates, in the amount of \$100,000, or a total of \$200,000 should remain on reserve, pending compliance with the Equal Benefits Ordinance.

- Recommendations:**
1. In accordance with Comment No 2, continue to reserve \$518,000.
 2. In accordance with Comment No. 5, continue to reserve \$200,000.
 3. Release the balance of the requested reserved funds in the amount of \$747,070 (\$1,465,070 less \$518,000 less \$200,000).

San Francisco General Hospital
(Soil Remediation)

Item	Description of Work	2 Years Estimates	Hours / Hourly Rates	Contractor	MBE Status	Compliance with Equal Benefits Ordinance	Method of Selection
New O & M Contract	Day to Day Remedial System Operations and Maintenance Five months full time site O&M and One month shared site responsibilities transfer reports and data bases.	\$400,000		Genmatic	LBE with MBE/WBE Subcontractors	YES	RFP with HRC approval
Transition Contract	Within next six months proposed initial work includes installation of three new soil vapor extraction wells, conversion of burner unit to catalytic conversion model and installation of one new product recovery well and pump.	\$100,000		ACS Inc	LBE/WBE		RFP with HRC approval
Modification of Remediation Process	Within next six months, mutual meet with Regional Board and general public to obtain approval of risk based closure goals	\$250,000	N/A	not selected			
Health Risk Clean up Public Meetings		\$100,000		Mira Feeney Associates	WBE	YES	RFP with HRC approval
Process Workflows and Process Analyses	Laboratory analyses	\$80,000		Supanal Analytical	LBE/WBE	YES	RFP with HRC approval
Utilities and Sewer Charges	Gas and electric and fees to discharge treated water into the sewer	\$150,000	N/A	PG&E and PUC			
Site Decommissioning	Funds are not required at this time	\$208,000	N/A	not selected			
City Staff (inspections and regulatory meetings)	City staff time	\$117,070					
Total		\$1,485,070					

Notes:

- 1) All work is required by Regional Water Quality Control Board Order
- 2) Leaking tanks were removed in 1987
- 3) Remedial System was installed December 1995
- 4) Initial estimates for system operation were \$5,000,000 for at least five years
- 5) We hope to have site closure in four years, November 1999
- 6) Electric is use for pumps and motors
- 7) Gas is use to burn soil vapor extraction
- 8) Sewer service charges are for treated ground water

FROM :

SFGH Parking Garage - Soil Remediation Cost Justification

Item	Hours/Hourly Rates Classification	Hours	Rate/Hour	Subtotal	Grand Total
Geomatrix contract	Project Manager/Principal Hydrogeologist	80	\$ 145	\$ 11,600	\$ 400,000
	Senior Toxicologist	120	\$ 145	\$ 17,400	
	Senior Staff Hydrogeologist/Regulatory Negotiation	200	\$ 110	\$ 22,000	
	Senior Hydrogeologist	200	\$ 110	\$ 22,000	
	Process Engineer	240	\$ 100	\$ 24,000	
	Biochemist	240	\$ 100	\$ 24,000	
	Toxicologist	280	\$ 90	\$ 25,200	
	Hydrogeologist	520	\$ 90	\$ 46,800	
	Chemical Engineer	240	\$ 90	\$ 21,600	
	Senior Field Technician	400	\$ 63	\$ 25,200	
	Field Technician	2600	\$ 47	\$ 122,200	
	CAD/Graphic technician	80	\$ 58	\$ 4,400	
	Technical Editor	40	\$ 62	\$ 2,480	
	Clerical	240	\$ 35	\$ 8,400	
	Field Supplies/reimbursables/report routing	na	na	\$ 22,720	
Mara Feeney + Assoc.	Principal-Community Relations Specialist	300	\$ 110	\$ 33,000	\$ 100,000
	Associate Community relations specialist	600	\$ 75	\$ 45,000	
	Presentation materials/reimbursables	na	na	\$ 22,000	
	Note that laboratories do not charge by "hourly rates"; they charge by cost per analysis				
Superior Analytical	Compound/Chemical analysis	# analyses	unit cost	total	\$ 79,936
	Conductivity	88	\$ 12	\$ 1,056	
	Total dissolved solids	88	\$ 12	\$ 1,056	
	Total recoverable petroleum hydrocarbons	176	\$ 56	\$ 9,680	
	BTEX	176	\$ 47	\$ 8,272	
	Volatile organic compounds	88	\$ 125	\$ 11,000	
	Semi volatile organic compounds	88	\$ 213	\$ 18,744	
	Plate count (biological growth)	104	\$ 110	\$ 11,440	
	Nutrient analyses (N, O2,P,Fe)	208	\$ 11	\$ 2,288	
	Chemical oxygen demand	88	\$ 25	\$ 2,200	
	TPH gasoline	88	\$ 45	\$ 3,960	
	TPH diesel	88	\$ 60	\$ 5,280	
	GO/petroleum origin	208	\$ 19	\$ 4,020	
	MTBE	22	\$ 45	\$ 990	
Utilities, Permits Sewer Charge					\$ 150,000
	PGE Gas + Electric (monthly)	24	\$ 500	\$ 12,000	
	Sewer service charges (quarterly)	8	\$ 12,000	\$ 96,000	
	Baker tank rental (monthly)	24	\$ 1,040	\$ 24,960	
	BAAQMD permits (annual)	2	\$ 520	\$ 1,040	
	RQOCB oversight charge (quarterly)	8	\$ 2,000	\$ 16,000	
City staff (inspections CM and regulatory mts.					\$ 117,070
	Division Manager (also project manager)	200	\$ 75	\$ 15,012	
	Regulatory specialist	416	\$ 81	\$ 25,428	
	Construction inspector	416	\$ 64	\$ 26,699	
	Field technician	633	\$ 50	\$ 42,316	
	Clerical/Accounting	116	\$ 47	\$ 5,474	
	Senior chemist	30	\$ 71	\$ 2,142	

Parking Meter Revenue Bond Series 1994

Source of Funds		
Bond Proceeds	25,000,000	
Uses of Funds		
	Bugeted	Expended
Bond Costs		
Cost of Issuance	687,317	687,317
Capitalized Interest Costs	863,792	863,792
Sub-Total Bond Costs	1,551,109	1,551,109
Other Projects		
St. Mary's	1,200,000	250,000
Vallejo Street/ North Beach	150,000	11,000
Gannett Advertising (Polk/Bush)	235,000	235,000
Sub-Total Other Projects	1,585,000	496,000
SFGH Project		
DPT Reimbursements	413,884	413,884
DPT Design Reimbursements	888,077	888,077
Construction Bid	11,376,792	11,376,792
Construction Contingency	1,463,449	583,416
Building Permits	80,000	76,562
Design/Architectural Fees	373,281	359,815
DPW Construction Management	838,264	924,829
BOA Project Management	154,000	83,372
DPW Building Remediation	220,000	225,906
BOA Contract Management	66,000	(31,057)
DPW Contingency	113,594	-
Site Cleanup and Soil Remediation Design and Installation	1,899,244	1,630,717
Site Cleanup and Soil Remediation Operating and Maintenance	737,810	737,810
Site Cleanup and Soil Remediation DPT Reimbursement Advance	777,879	777,879
Site Cleanup and Soil Remediation Reserve	1,465,070	-
Muni Relocation	529,000	529,000
Art Enrichment	60,856	59,346
Planning Department Fees	26,828	26,828
SFGH Reimbursements	379,863	380,220
Sub-Total SFGH Project	21,863,891	19,043,396
Total Uses of Funds	25,000,000	21,090,505

Item 3 - File 97-97-44

Note: This item was continued by the Finance Committee at its meeting of September 24, 1997.

Item: Ordinance amending Article II, Chapter 10 of Part I of the Administrative Code by repealing Sections 10.25-8 and 10.25-9, dealing with nonuniformed employee claims for damaged and stolen property, respectively, and adding new sections 10.25-8 and 10.25-9, providing that such claims shall be approved by the department head, or, for claims in excess of \$1,000, by the department head, the Controller and the Board of Supervisors.

Description: Currently, Sections 10.25-8 and 10.25-9 of the Administrative Code require that all claims for damaged or stolen articles by non-uniformed City employees be reimbursed, or partially reimbursed, only upon approval by a 3/4 vote of the Board of Supervisors, following certification as to the availability of funds by the Controller. This requirement applies to all such claims, regardless of the amount of the claim. The proposed ordinance would replace Sections 10.25-8 and 10.25-9 with new Sections 10.25-8 and 10.25-9, to (1) provide that claims for \$1,000 or less are subject only to verification and approval by the department head; (2) provide that claims for more than \$1,000 be verified by the Controller and approved by the Board of Supervisors; and (3) change the requirement that such claims be approved by a 3/4 vote of the Board of Supervisors to a requirement that such claims be approved by a majority vote of the Board of Supervisors.

In other words, if the proposed ordinance is approved, claims for reimbursement of damaged or lost articles valued at \$1,000 or less by non-uniformed City employees would no longer require Board of Supervisors approval. Instead, such claims for \$1,000 or less would be paid when verified by the department head, if the Controller has certified as to the availability of funds to pay the claims. Claims for reimbursement of damaged or stolen articles valued over \$1,000 by City employees would require the approval of a majority of the Board of Supervisors.

Recommendation: Approval of the proposed ordinance is a policy decision for the Board of Supervisors.

Item 4 - File 170-97-11

Department: Mayor's Office of Finance
Department of Telecommunications and Information Services

Item: Resolution (a) approving the issuance of Lease Revenue Bonds of the City and County of San Francisco Finance Corporation (SFFC), not to exceed \$35,000,000; (b) approving the execution and delivery of a site lease agreement between the City, as lessor, and the SFFC as lessee, relating to certain Police, Fire and Health facilities located in the City; (c) approving the execution and delivery of a lease and option to purchase between the SFFC, as lessor, and the City, as lessee, relating to certain Police, Fire and Health facilities located in the City; (d) providing for the execution and delivery of documents in connection with such bonds; (e) ratifying actions previously taken; and (f) adopting findings under the California Environmental Quality Act and findings pursuant to City Planning Code Section 101.1.

Amount: Not to exceed \$35,000,000

Description: The City is currently undertaking an E-911 Project with the objective of improving the City's emergency response capabilities by integrating the City's (1) new, permanent Enhanced Computer Aided Dispatch (CAD)/Automated Information System (AIS); (2) the 800 MHz Emergency Radio System; (3) the data radio system, (4) the Police Department Mobile Computing system, and (5) the 911 telephone system. The current cost estimate for the E-911 Project is \$166,370,823. Attachment 1 is a description and detailed budget for the E-911 Project.

In 1993, San Francisco voters approved Proposition H which authorized the lease financing of a 800 MHz Citywide Emergency Radio System through the issuance of lease revenue bonds in an aggregate principal amount not to exceed \$50,000,000. The proposition authorized the Board of Supervisors to approve the lease financing of the emergency radio system for the City through a non-profit public benefit corporation, the San Francisco Finance Corporation (SFFC).

According to the Mayor's Office, the Emergency Radio System is comprised of an 800 MHz trunked radio system for voice communication and an 800 MHz wireless data network which would improve the speed and quality of the City's wireless communications among the City's public safety agencies and provide highly reliable and enhanced delivery of public safety services on a coordinated basis. The Emergency Radio System Project includes the installation of antenna

towers at various sites, replacement of certain existing antenna towers, the acquisition and installation of microwave transmission facilities and equipment, the acquisition and installation of additional transmission equipment and the acquisition of permits to use additional radio frequencies.

In August 1997, the Board of Supervisors approved a resolution authorizing the execution of a Master Agreement between the City and Motorola, Inc. to provide a Citywide 800 MHz Radio System (File No. 172-97-52) and a resolution which authorizes the Director of Property to enter into various lease agreements related to construction of antenna sites associated with the Citywide 800 MHz Radio System (File 172-97-53).

The Mayor's Office is now requesting authorization for the SFFC to issue up to \$35,000,000 of the total voter approved \$50,000,000 in SFFC Lease Revenue bonds (Series 1998-I) in order to fund a portion of the Emergency Radio System Project. In addition, the proposed resolution would authorize the Mayor's Office to secure repayment to the SFFC by the City of up to \$35,000,000 in Series 1998-I Bonds by entering into a lease-leaseback arrangement with the SFFC. Under the proposed lease agreements, the City would lease to the SFFC two City-owned properties for a total rent of \$1, for a term not to exceed 30 years. The SFFC would then simultaneously lease the two properties back to the City for an annual base rental payment equal to fair market value, which is the same as the amount required to cover the annual principal and interest payments due on the SFFC Lease Revenue Bonds for the Citywide Emergency Radio System Project. This financing structure is known as an "asset transfer" lease financing. The two properties are:

- (1) Mental Health Skilled Nursing Center (887 Potrero Avenue)
- (2) Fire Station No. 18 (1933 32nd Avenue)

The resolution stipulates that maximum annual base rental to be paid by the City to the SFFC for the two properties would not exceed \$5,500,000, for a term not to exceed 30 years, however it is expected that the Series 1998-I Bonds will be repaid over a 20-year term. Furthermore, under the terms of the proposed lease agreement between the SFFC and the City, the City may substitute all or a portion of any of the properties for the purposes of securing the repayment by the City of the Series 1998-I Bonds to the SFFC.

According to Monique Moyer, Director of the Mayor's Office of Public Finance, these City-owned facilities were selected because they have (1) a high degree of essentiality that is

consistent with the essential nature of the Emergency Radio System Project; (2) a remaining useful life at or in excess of the 20-year life of the Series 1998-I Bonds; (3) an aggregate appraised value that is equal or greater than the aggregate initial amount of the Series 1998-I Bonds; and (4) an aggregate fair rental value that is equal to or greater than the annual payments on the Series 1998-I Bonds.

According to Ms. Moyer, if the City failed to make the annual base rental payments to the SFFC of up to \$5,500,000 over the 30-year maximum period, the SFFC or its Trustee may take possession of and re-lease the property to another entity. The SFFC or its Trustees may also pursue any remedy available to recover base rental payments as they become due, including taking possession of and selling the property. According to Ms. Moyer, under the proposed asset transfer lease financing the City is required to obtain property and casualty insurance on the Mental Health Skilled Nursing Facility and Fire Station #18. Ms. Moyer advises that, if such properties were damaged by fire, vandalism or other event, the City would have the option of using insurance proceeds to repair the damages and resume payments to the SFFC or of using the insurance proceeds to buy out the lease with the SFFC which would in turn pay off the Series 1998-I Bonds.

Ms. Moyer advises that, in the event that the property were damaged due to an earthquake, for which the City is not required or anticipated to obtain insurance coverage, the City would no longer have "beneficial use" of the property and therefore would not be required to make annual rental payments on the property until the property was suitable for occupancy. Ms. Moyer advises that this is a risk assumed by the bondholders and not by the City.

Comments:

1. Ms. Moyer advises that what makes this financing distinct from previous SFFC lease revenue financings approved by the Board of Supervisors is that the City facilities, the Mental Health Skilled Nursing Center and Fire Station No. 18, serving as collateral to secure the lease is not the same property being constructed and acquired with the bond money. Under a traditional lease financing, the Emergency Radio System itself would be the collateral for the lease. Ms. Moyer states that using the Emergency Radio System as collateral is not ideal for the reasons described below.

According to Ms. Moyer, the proposed asset transfer arrangement would reduce the costs of the Emergency Radio System Project to the City by lowering the amount borrowed

and reducing the interest rate charged. Ms. Moyer advises that the amount borrowed is reduced under the asset transfer structure because the SFFC is not required to fund capitalized interest during the project construction and acquisition period. Under State law, if the City used the Emergency Radio System as collateral, the City could not make any lease payments until the City had full beneficial use of the Emergency Radio System. However, according to Ms. Moyer, since investors must be paid interest within approximately six months of bond issuance, the SFFC would have to borrow the interest owed during the construction and acquisition period. That period is expected to run from January 1998 to June 1999 and would cost an additional \$3,000,000 to pay interest during that period, according to Ms. Moyer.

Second, Ms. Moyer advises that the interest rate under the proposed asset transfer will be reduced since the collateral for the bonds consists of real property rather than equipment. Since a large portion of the equipment consists of radios and other computer hardware and software, investors would be uncertain as to the sustainability of the equipment to secure the bonds. For instance, if a radio were dropped and rendered useless, the City would not be legally obligated to pay the lease payment associated with the radio since the City would not have "beneficial use" of the equipment. Ms. Moyer states that the SFFC would therefore pay a premium on its interest rate to cover the risk to investors.

Finally, Ms. Moyer explains that the interest rate on the Series 1998-I bonds will also be reduced under the asset transfer arrangement since real property can theoretically be re-leased to a third party in the event of a default by the City. An Emergency Radio System, customized to the needs of San Francisco, however, would be difficult to lease to a third party. Therefore the SFFC would pay a premium on its interest rate to cover this risk.

2. Under the proposed resolution, the annual interest rate of the bonds could not exceed 12 percent. However, Ms. Moyer reports that if the bonds were sold today, the bonds would be sold with an estimated overall effective interest rate of 5.78 percent, and would have an estimated average interest rate of 5.73 percent over the 20-year term of the bonds.

3. The requested maximum bond authorization which is the subject of this report is \$35,000,000. However, Ms. Moyer anticipates that the amount of \$31,140,000 of these subject bonds will actually be issued. Ms. Moyer estimates that with a 20-year term for the bonds and assuming an average

interest rate of approximately 5.73 percent, the proposed sale of bonds in the amount of \$31,140,000 would result in interest costs of approximately \$12,765,986 and a total debt service requirement of approximately \$43,905,986 over the 20-year life of the bonds. Over the 20-year period, this would result in average debt service requirement of approximately \$2,195,299 per year.

4. According to Mr. Mike Martin, Project Manager of both the Emergency Radio System Project and the E-911 Project, the Emergency Radio System Project has a total estimated cost of \$58,600,000 of the total E-911 Project costs of \$166,370,823. Of the \$58,600,000, Mr. Martin advises that approximately \$50,000,000 will be funded with SFFC Lease Revenue Bonds, \$8,000,000 has already been paid toward the Project through prior year General Fund expenditures, and \$600,000 in General Fund monies (the majority of which will be included in future appropriation requests) will be used to pay for antenna leases. Attachment 2 shows the estimated project costs of the Emergency Radio System Project to be funded with Lease Revenue Bonds and the related reserve fund and bond issuance costs, which is currently estimated to total \$46,611,910.

5. As noted above, according to Ms. Moyer, the lease payments to the SFFC for the Mental Health Skilled Nursing Center and Fire Station No. 18, are estimated to total \$43,905,986 over a 20-year period. Mr. Martin advises that, of the \$43,905,986, an estimated 70 percent or \$30,734,190 would be paid from General Fund monies and approximately 30 percent or \$13,171,796 would be paid through the 911 Emergency Response Fee, grants, and other sources.

6. According to Ms. Moyer, the subject Series 1998-I Bonds are expected to be the first of two series of bonds to finance this Project. Ms. Moyer advises that the second bond sale is expected to occur in January 1999, subject to approval by the Board of Supervisors and SFFC. According to Ms. Moyer, it is anticipated that six City-owned properties would be used as collateral for the second bond sale as described below:

- (1) Bayview Police Station (201 Williams Avenue)
- (2) Mission Police Station (630 Valencia Street)
- (3) Taravel Police Station (2345 24th Avenue)
- (4) Fire Station No. 36 (109 Oak Street)
- (5) Fire Station No. 24 (100 Hoffman Street)
- (6) Fire Station No. 31 (441 12th Avenue)

7. The City Health Commission, Fire Commission and Police Commission have approved the City's use of these properties as collateral for the proposed lease financings.

8. In addition to base rental payments to the SFFC, the City would pay the SFFC additional rental payments to the SFFC for all administrative costs related to administering the lease agreement and the Series 1998-I Bonds, estimated at \$30,000 annually, including annual insurance premiums, according to Ms. Moyer. Furthermore, the City would continue to be responsible for all utilities, janitorial and security services, and repair and maintenance of the Mental Health Skilled Nursing Center and Fire Station No. 18 during the term of the lease.

9. Approval of the proposed resolution would permit the sale of the Series 1998-I Bonds. However, all expenditures from the Series 1998-I Bond revenues will be subject to subsequent appropriation approval by the Board of Supervisors.

Recommendation: Approve the proposed resolution.

E-911 Project

Summary:

Voters in June 1994 approved Proposition B which authorized funding for a new emergency communication center and in November 1993, voters approved Proposition H to fund a Citywide radio system. The center was to perform two primary functions: Serve as an E-911 dispatch center for all emergency functions, and operate as a command center in times of major emergencies. Emergency response functions include 911 call taking and dispatch for Police Fire and Ambulance services. The facility will also house the Mayor's Office of Emergency Services, Emergency Communications Center, and related support facilities for the Department of Telecommunications and Information Services. The E-911 Project can be loosely grouped into the following components:

- E-911: A new computer system that will aid in the dispatch of emergency personnel (Computer Aided Dispatch - CAD). New technology will also enhance record management and scheduling among many other things to generally improve the efficiency and effectiveness of the system (Automated Information Systems - AIS).
- Combined Emergency Communications Center (CECC): A facility at Turk and Laguna streets that will serve as the building where all E-911 functions would be housed and operate from.
- Telephone Call Delivery System: A new system that will connect callers to the 911 dispatch system.
- Miscellaneous "Support Systems": This is a collection of functions that includes critical items linking various parts of the project together. For example, Support Systems includes design and production of dispatch consoles, logging recorders, wiring for local area networks, upgraded fire alarm monitoring, mobile computing terminals etc.
- 800 MHz Citywide Radio System: The system will improve the speed and quality of the City's wireless communications.

Current Project Status

Since it was originally envisioned in 1994, the project has grown in both size and scope. In addition, technology changed and improved, particularly in the area of the wireless communications. In March 1997, the City hired a consultant to assess the impact of these changes on forecasted project budgets and scheduling. Based on an extensive review, the consultant made certain findings that have been reviewed and clarified by City staff. In the main, the consultant found the project budget had grown from \$131 million to \$167 million, and that the project would not be complete until November 1999, four months after the envisioned July 1999 completion date.

A detailed project budget, showing original estimates vs. current estimates is attached. The financial status of the various portions of the project are summarized below:

CURRENT BUDGET/ESTIMATE BREAKDOWN			
Project Area	Est. Project Cost 1996 \$(000)	Current Est. Project Cost	VARIANCE \$(000)
800 MHz Radio	58066	58066	0
Automated Information Systems (AIS)	10200	10818	-618
Computer-Aided Dispatch (CAD)	4500	20873	-16373
E-911 Project Management	4210	9926	-5716
CECC Facility	24273	25274	-1001
Communications/Telephony /Support Systems	11125	17207	-6082
Other Costs	19577	23156	-3579
Training		1050	-1050
TOTALS	131951	166370	-34419

Discussion:

As shown in the above table, a \$34.4 million shortfall exists between the project as it was originally envisioned, and the current budget. The major variances are as follows:

- Computer Aided Dispatch/Automated Information System: Initial estimates did not anticipate all end user requirements. For example, as originally envisioned, these computer systems did not include record management and scheduling.
- CECC Facility: The CECC Facility costs increased in the main because the facility is twenty-five percent larger than the facility that was originally envisioned, and because the cost of building materials has risen since original estimates were made.
- Project Management: Initial estimates of the project management costs did not make provisions for professional services to integrate the group of projects. Those costs have now been included.
- Project Contingency: Although the CECC construction and 800 Mhz components of this project have their own contingency, no provisions were made for an overall "Project Contingency." The revised budget includes a \$13.8 million Project Contingency (roughly 10 percent of the project cost, excluding the CECC and 800 Mhz project) intended to cover unanticipated changes in the project. The contingency costs are spread across the project.

- Financing: Overall financing costs for the project have risen, (identified above as "other costs") due to an increase in the amount of hardware equipment that will be financed with lease revenue bonds and an extension of repayment for the CECC bonds.

Commencement of construction for the Combined Emergency Command Center, which began June 23, 1997, requires that all phases of the E-911 project move forward expeditiously. To that end, various activities have been undertaken. Significantly, approval is being sought to increase the City's E-911 fee to close the \$34.4 million funding gap, which will solve the project's cash flow dilemma and reduce the project's General Fund liability. In addition, various organizational activities have been initiated.

911 PROJECT SOURCES AND COSTS

Sources		Uses			
		Budget Name	Project Costs	Financing Costs	Total Costs
Prior Fiscal Year GF Transfers	23,234,683	Building	25,273,403		
911 Fees (\$1 assumption)	99,699,067	AIS	10,817,752		
911 Interest Earnings	5,163,371				
Grants	4,980,000	CAD	20,872,899		
GF Contributions to Deficits	33,603,712	Communications	17,207,422		
		Project Management	9,926,400		
		Community Mitigation	3,031,000		
Total	166,370,823	Total	87,128,876	20,128,847	107,264,723
		800 MHz Project			
		Budget Name			
		Radio Administration	8,416,100		
		Radio System	40,550,000		
		Total	48,966,100	9,100,000	58,066,100
		Total 911 Project Cost	136,094,976	29,228,847	165,320,823
		plus Training			1,050,000
					166,370,823

Fiscal Year 97-98 Uses and Sources

911 Project Sources		911 Project Costs	
911 Fee Funds	15,517,451	Building	19,773,000
General Fund	-	Communications	10,835,367
Bond Sales	54,349,092	AIS	2,248,000
Grants (COPS More, Fed)	4,880,000	CAD	10,171,878
		Community Mitigation	500,004
		800 MHz	31,218,498
Total	\$ 74,746,543	Total	\$ 74,746,543

CITY AND COUNTY OF SAN FRANCISCO		Summary Tables
800 MHz Radio Project - Phase (1 & 2)		
Sources and Uses of Funds		
Sources of Funds:		
Par Amount		\$48,435,000.00
Accrued Interest		\$126,910.34
OID/OIP		\$3.00
Total Sources:		\$48,611,910.34
Uses of Funds:		
Deposit to Construction Fund		\$41,337,096.72
Deposit to Capitalized Interest Fund		\$0.00
Deposit to Reserve Fund		\$4,147,951.56
Underwriter's Discount	\$8.50 / \$1000	\$302,152.50
Bond Insurance Premium	0.00%	\$0.00
Cost of Issuance		\$693,768.00
Deposit to Interest Account (Accrued Interest)		\$126,910.34
Contingency		\$4,031.22
Total Uses:		\$48,611,910.34
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CITY AND COUNTY OF SAN FRANCISCO
800 MHz Financing Needs

	Start Date	End Date	Payment Needed	Cap. Int. Period/Date	Useful Life	Amortization Period	Cost
PHASE 1:	1/1/98	8/1/99	1/1/98	None			
Construction - Site Upgrades				1/1/98	20.0 years	20.0 years	\$5,445,508
Fixed Network Equipment				1/1/98	10.0 years	12.0 years	\$11,228,859
Wireless Data Network				1/1/98	7.0 years	8.4 years	\$1,280,988
Portable Mobile Test Equip. - Phase I				1/1/98	5.0 years	6.0 years	\$833,281
Portable Mobile Test Equip. - Phase II GR 1				1/1/98	5.0 years	6.0 years	\$0
Portable Mobile Test Equip. - Phase II GR 2				1/1/98	5.0 years	6.0 years	\$0
Dispatch Equipment				1/1/98	5.0 years	6.0 years	\$1,940,863
Construction Management/Engineering Installation				1/1/98	5.0 years	6.0 years	\$3,982,344
Training - Phase I				1/1/98	5.0 years	6.0 years	\$2,424,587
Training - Phase II				1/1/98	5.0 years	6.0 years	\$441,163
Console Furniture				1/1/98	10.0 years	12.0 years	\$0
Subtotal							\$28,485,593
PHASE 2:	1/1/99	2/1/00	1/1/99	None			
Construction - Site Upgrades				1/1/99	20.0 years	20.0 years	\$0
Fixed Network Equipment				1/1/99	10.0 years	12.0 years	\$0
Wireless Data Network				1/1/99	7.0 years	8.4 years	\$0
Portable Mobile Test Equip. - Phase I				1/1/99	5.0 years	6.0 years	\$0
Portable Mobile Test Equip. - Phase II GR 1				1/1/99	5.0 years	6.0 years	\$4,510,897
Portable Mobile Test Equip. - Phase II GR 2				1/1/99	5.0 years	6.0 years	\$6,706,345
Dispatch Equipment				1/1/99	5.0 years	6.0 years	\$0
Construction Management/Engineering Installation				1/1/99	5.0 years	6.0 years	\$2,350,800
Training - Phase I				1/1/99	5.0 years	6.0 years	\$0
Training - Phase II				1/1/99	5.0 years	6.0 years	\$0
Console Furniture				1/1/99	10.0 years	12.0 years	\$160,193
Subtotal							\$13,808,365
TOTAL PROGRAM COSTS							\$42,293,958

Prepared by Public Financial Management, Inc.

11/29/97 16:53

Note: Bonds for each project are amortized over 120% of useful life of each project except for Construction - Site Upgrades whose bonds are amortized over the exact use

Item 5 - File 65-97-14

Note: This item was continued by the Finance Committee at its meeting of November 19, 1997.

Department: Public Utilities Commission (PUC)

Item: Resolution authorizing a 40-year lease of PUC-owned land between the City and County of San Francisco and Artichoke Joes in the City of San Bruno.

Lessor: City of San Francisco, through the PUC

Lessee: Artichoke Joes

Size of Property: Approximately 67,000 square feet

Location: Adjacent to Huntington Avenue and Southern Pacific Railway tracks at the cross street of San Mateo Avenue in downtown San Bruno, in San Mateo County.

Term of Lease: From 30 days after approval by the Board of Supervisors and the Mayor through 2037 (40 years)

Purpose of Lease: Parking (approximately 275 spaces) and landscaping

Lease Revenues Payable by Artichoke Joes to the City: Initially \$12,500 per month or \$150,000 annually

Adjustment of Lease Revenues: Fifth anniversary of commencement date of lease and every five years thereafter in accordance with a Consumer Price Index (CPI) adjustment specified in the proposed lease, which cannot be less than two percent nor more than six percent annually. In addition, there are additional potential lease increases due to BART construction concessions and reappraisal options for the City (See Comments 6 and 7 for additional details).

Description: The proposed resolution would authorize a 40-year lease of approximately 67,000 square feet of City-owned land for use by Artichoke Joes, a gaming establishment. According to Mr. Bruce Lymburn of Wendal, Rosen, Black and Dean, L.L.P., a private law firm retained by the Public Utilities Commission to negotiate the proposed lease agreement for the City, the proposed City-owned property in San Bruno was a former Municipal Railway (Muni) right-of-way. Mr.

Lymburn reports that Muni used to operate streetcars from the City down the Peninsula.

In 1962, the City entered into a month-to-month agreement with the City of San Bruno to authorize the use of this Muni abandoned right-of-way property by the City of San Bruno, according to Mr. Lymburn. Mr. Lymburn further reports that the City of San Bruno, in turn, sublet this City of San Francisco-owned property to Artichoke Joes for use as a parking lot for approximately 275 vehicles on a month-to-month basis. This month-to-month lease and sublease extended for approximately 34 years from 1962 until the summer of 1996.

As of August of 1996, the City terminated the month-to-month agreement with the City of San Bruno and entered into a month-to-month agreement directly with Artichoke Joes to authorize the use of the property by Artichoke Joes for continued parking purposes. The current month-to-month lease with Artichoke Joes was not subject to the approval of the Board of Supervisors because the term was not anticipated to extend beyond ten years.

When the City terminated the lease with the City of San Bruno in August of 1996, the City of San Bruno was paying the City of San Francisco \$640 per month or \$7,680 annually for lease of this property. According to Mr. Lymburn, the City of San Bruno was previously subletting the City of San Francisco's property at the same lease terms and rent to Artichoke Joes. Under the current month-to-month lease agreement between the City and Artichoke Joes, the City is receiving \$12,500 per month or \$150,000 annually, an increase of \$11,860 per month or \$142,320 annually, as compared with the previous lease arrangements. The proposed 40-year lease, that is the subject of this resolution, would continue these increased lease payments totalling \$150,000 annually to the City and provide for additional escalation clauses and other provisions, as discussed in greater detail below.

Comments:

1. Section 2.110 of the City's Charter requires that the proposed lease of real property, which will extend more than ten years be subject to approval by the Board of Supervisors. If the proposed 40-year lease is approved, the proposed lease will supersede the existing month-to-month lease between the City and Artichoke Joes.

2. According to Mr. Gary Dowd of the PUC, the PUC is requesting that a 40-year lease be approved because (1) a

long-term lease is included as part of a previous three-party agreement between the City, through the PUC, the Bay Area Rapid Transit District (BART) and Artichoke Joes (See Comment 3 for additional details on this three-party agreement) (2) the parcel of land owned by the City, although of considerable value to Artichoke Joes for parking purposes, is an otherwise relatively unuseable parcel of land, (3) providing Artichoke Joes with a secure future parking facility significantly increases the value of the proposed lease and (4) the proposed lease includes numerous provisions for increasing the rental rate, to insure that the City continues to receive the fair market rental value for the property.

According to the information provided by the PUC, the proposed lease rates were based on market data obtained from an outside appraiser who had knowledge of land values in this area. This data was used by the PUC during negotiations with Artichoke Joes to obtain a fair rate of return on this City-owned parcel, which Mr. Dowd represents to be a fair market value rate.

According to Mr. Dowd, the funds received by the PUC, under the proposed lease, would be deposited into the revenues of the Water Department because the subject City-owned property is under the jurisdiction of the Water Department.

3. As discussed in the attached letter from the PUC (Attachment 1), Artichoke Joes had vociferously opposed the BART to the Airport Extension Project and had continuously engaged BART in time-consuming and expensive litigation. Because the City owned and controlled the subject property which Artichoke Joes is using for a parking lot, which is to be used during the construction of the BART Airport Extension Project, the PUC decided to enter into a three-party cooperation agreement ("peace agreement") with Artichoke Joes and BART.

According to Mr. Dowd, in August of 1997, the City of San Francisco, through the PUC, entered into this separate cooperation agreement with BART and Artichoke Joes. According to Mr. Charles Sullivan of the City Attorney's Office, the PUC had the authority to enter into this agreement without approval from the Board of Supervisors.

This three-party agreement specifies that BART proposes to construct the BART Extension to the San Francisco

Airport and that BART intends to use the subject property, that is owned by the City and leased to Artichoke Joes for parking purposes, during the construction of this BART project. This three-party cooperation agreement further states that (1) the City will enter into a long-term lease with Artichoke Joes for use of the subject property for parking purposes, subject to the approval of the Board of Supervisors and the Mayor (2) BART agrees to construct the BART Extension to the Airport Project in a way that mitigates potential adverse effects on Artichoke Joes' business, (3) Artichoke Joes agrees to cease its lobbying and related activities against the BART to the Airport Project and waive and release any and all claims against BART arising from this Project and (4) BART agrees to use its best efforts to convey or lease to the City of San Francisco additional property that is adjacent to the City's existing property, Artichoke Joes would be able to continue to use for surface parking and landscaping purposes (See attached map).

4. Mr. Lymburn reports that the proposed 40-year agreement between the City and Artichoke Joes, which provides approximately 67,000 square feet of City-owned land for use by Artichoke Joes as a parking lot, would fulfill the City's first condition under this previously-approved three-party cooperation agreement, in which it is intended that the City enter into a long term lease with Artichoke Joes for use of the subject property for parking purposes.

5. As stated in the proposed 40-year lease between the City and Artichoke Joes, it is likely that the proposed property will be part of the BART to the Airport Extension Project and that construction activities related to the BART Project will prevent Artichoke Joes from using all or a portion of the proposed lease property as a parking lot. The proposed lease therefore states that the temporary taking of all or a portion of the leased property by BART will not result in a termination of the proposed 40-year lease. However, the proposed lease states that if the BART to the Airport Extension Project results in the loss of use of parking spaces by Artichoke Joes, the rent payable by Artichoke Joes to the City would be adjusted downward on the basis of the ratio of the number of remaining parking spaces that would be available to Artichoke Joes. According to Mr. Lymburn, during the BART to the Airport Extension Project construction phase, BART has agreed to ensure that at least two-thirds of the parking lot is available for Artichoke Joes customer parking. In addition, BART owns other parcels of land that would be made

available for Artichoke Joes customers parking during this construction phase.

6. In accordance with the proposed lease, if BART agrees to construct the BART Extension to the Airport Project in such a way that mitigates the potential adverse effects on Artichoke Joes' business (the second obligation under the previously approved three-party cooperation agreement), then the Base Rent under the proposed lease payable by Artichoke Joes to the City of San Francisco would be increased by \$1,500 per month, plus any adjustments in the Base Rent. According to Mr. Lymburn, since BART has signed the three-party cooperation agreement discussed above in Comment #3 and has thereby agreed to make various construction concessions, such as keeping two-thirds of the parking lot open during construction, once the proposed lease is approved by the Board of Supervisors and the Mayor, the City is entitled to the additional \$1,500 per month rent increase. This provision would increase the monthly rent payments to the City from Artichoke Joes from \$12,500 now being received by the City under the existing month-to-month lease to \$14,000 per month, an increase of \$1,500 per month, or \$18,000 annually, resulting in total annual revenues to the City of \$168,000.

7. In addition to these adjustments in the Base Rent, the proposed lease provides for a reappraisal option up to three times during the 40-year term of the lease. The first reappraisal option could be exercised by the City at any time after 120 days prior to the tenth anniversary of the commencement of the lease. The second reappraisal option could be exercised by the City at any time ten years after the first reappraisal option and the third reappraisal option could be exercised by the City at any time ten years after the second reappraisal option. The Base Rent can then be adjusted as a result of the City's reappraisal option based on the fair market rent for the property. The specific appraisal process and negotiation procedures for determining the fair market rent are specified in the proposed lease. According to Mr. Lymburn, even though the proposed lease includes CPI adjustments every five years, this provision ensures that the City will be able to reappraise the property in order to renegotiate to continue to receive the fair market rent for the proposed property over the 40-year term of the proposed lease.

8. The proposed lease also contains several early termination options, whereby Artichoke Joes can terminate the lease. These termination options are outlined

in Attachment 2. According to Mr. Lymburn, these early termination options are included in the proposed lease because Artichoke Joes cannot predict the long-term future success of their business, given the proposed BART construction activities and the competitive nature of the gaming industry. Mr. Lymburn notes that a gaming establishment is scheduled to open in the City of Colma and other Peninsula cities in the near future. However, Mr. Lymburn reports that all of the early termination options included in the proposed lease, as shown in Attachment 2, include a penalty payment to be made by Artichoke Joes to the City of a minimum of 12 months of rent.

9. As shown in the Attached map (Attachment 3), the "BART Additional Premises" reflects the parcel of property that is adjacent to the subject City-owned parcel. According to Mr. Lymburn, this adjacent parcel is owned by Southern Pacific, which currently leases this property to Artichoke Joes for parking purposes. Mr. Lymburn reports that BART currently has an option to purchase this property from Southern Pacific Railway. In addition, Mr. Lymburn reports that the City ultimately intends to purchase this property from BART, after BART exercises its option to purchase the property from Southern Pacific, as reflected as the fourth obligation in the three-party cooperation agreement discussed in Comment #3 between the City, BART and Artichoke Joes. Mr. Lymburn cannot provide an estimate of the amount to be paid by the City for the proposed adjacent parcel of land that the City intends to purchase from BART, after BART purchases this property from its current owner, Southern Pacific Railway.

10. Under the provisions of the proposed agreement, if the City obtains ownership or a lease of the BART Additional Premises, which are then part of the proposed lease, the Base Rent would be immediately increased by \$2,500 per month, plus any adjustments in the Base Rent. Mr. Lymburn reports that the \$2,500 adjustment reflects the additional amount that Southern Pacific presently receives in monthly rent from Artichoke Joes for this property. Alternatively, if BART ultimately finds that it needs this Additional Premises property on a permanent basis for reasons other than the construction of the BART to the Airport Extension Project, such that Artichoke Joes would not be able to use this area for parking, then Artichoke Joes can reduce their Base Rent to the City by \$5,000 from the initial \$12,500 to \$7,500 per month, plus any adjustments. Mr. Lymburn reports that the \$5,000

adjustment is a negotiated decreased amount to reflect that the value of the City's property is significantly reduced if the Southern Pacific property, adjacent to the City's property, is not available for lease to Artichoke Joes for parking purposes.

11. According to Mr. Lymburn, BART and the PUC are currently negotiating a large, multi-parcel agreement for the construction of the BART to the Airport Extension Project. Mr. Lymburn reports that the PUC, through the Water Department, owns over seven miles of property which would be affected by the proposed BART to the Airport Extension Project. As part of these negotiations with BART, Mr. Lymburn reports that BART (1) may need to purchase some parcels of City-owned property, (2) may need to make environmental mitigation measures on other parcels, (3) may want to enter into short or long-term leases on still other parcels for construction or other necessary activities. According to Mr. Lymburn, the adjacent BART Additional Premises property, which is related to the proposed agreement, is intended to be part of this larger negotiation process with BART. Mr. Lymburn estimates that this larger agreement with BART, which will require Board of Supervisors approval, would not be completed until approximately 1998-1999.

12. The proposed lease also includes a security deposit of \$25,000 payable by Artichoke Joes to the City for faithful performance of all the terms and conditions of the lease provisions. The City can apply the \$25,000 security deposit in whole or in part to remedy any damage to the property or to perform any other terms or conditions contained in the proposed lease. If the City uses any portion of this security deposit, the leasee is responsible for replenishing the security deposit back to the \$25,000 level each time the City determines that Artichoke Joes has not complied with the terms and conditions of the lease provisions.

13. In summary, the proposed 40-year lease between the City and Artichoke Joes would provide approximately 67,000 square feet of City-owned land for use by Artichoke Joes for a 275-vehicle parking lot. This agreement would supersede a previous month-to-month agreement with the City of San Bruno for this parking lot, which has been in existence since 1962 and which, until recently resulted in \$7,680 per year payable to the City of San Francisco by the City of San Bruno. Under the present month-to-month

lease between the City and Artichoke Joes, Artichoke Joes pays the City \$12,500 per month or \$150,000 annually.

The proposed agreement would also initially result in revenues of \$150,000 per year payable by Artichoke Joes to the City, increasing to \$168,000 annually with the approval of the proposed agreement, since BART has agreed to construction concessions, such as keeping two-thirds of the parking lot open during construction, to mitigate the potential adverse effects on Artichoke Joes' business during the construction phase of the BART to the Airport Extension Project. There are numerous additional provisions in the proposed 40-year agreement for CPI adjustments and other revenue enhancements for the City, which should ensure that the City will continue to receive a fair rate of return on the proposed property, according to Mr. Lymburn. The proposed lease also contains a \$25,000 security deposit, payable by Artichoke Joes to the City, and early termination options for Artichoke Joes, which include a penalty payment to be made by Artichoke Joes to the City of a minimum of 12 months of rent.

It is significant to note that the proposed 40-year agreement would fulfill one of the City's intentions under a previously approved three-party cooperation agreement between the City, BART and Artichoke Joes, which was not subject to the Board of Supervisors approval. That cooperation agreement states that (1) the City intends to enter into a long-term lease with Artichoke Joes for use of the subject property for parking purposes, subject to the Board of Supervisors and Mayor's approval, (2) BART agrees to construct the BART Extension to the Airport Project in a way that mitigates potential adverse effects on Artichoke Joes business, (3) Artichoke Joes agrees to cease its lobbying and related activities against the BART to the Airport Project and waive and release any and all claims against BART arising from this Project and (4) BART agrees to use its best efforts to convey or lease to the City of San Francisco additional property that is adjacent to the City's existing property, which Artichoke Joes would be able to use for parking purposes.

14. Mr. Dowd advises that the PUC requests that the subject resolution be continued to the call of the Chair, in order to enable the PUC to engage in further negotiations with Artichoke Joes.

Recommendation: Continue this resolution to the Call of the Chair as requested by the PUC.

BOARD OF SUPERVISORS
BUDGET ANALYST

PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

WILLIE L. BROWN, JR.
MAYOR

ANSON B. MORAN
GENERAL MANAGER

M E M O R A N D U M

HETCH HETCHY
WATER AND POWER

SAN FRANCISCO
WATER DEPARTMENT

SAN FRANCISCO
CLEAN WATER PROGRAM

DATE: November 12, 1997

TO: Harvey Rose, Budget Analyst

FROM: Garrett M. Dowd, Director *GD*

RE: File 65-97-14, City of San Francisco
Lease with Artichoke Joes

The following is a brief summary of the significant aspects of the above-referenced lease transaction:

Until August, 1997 Artichoke Joes Casino in San Bruno, which employs about 450 people and pays about 10% of the entire San Bruno city budget, had been perhaps the most vocal, well-financed and influential opponent on the current BART airport extension plan. Until that time there existed a tremendous ill-will between BART and Artichoke Joes, which arose out of Artichoke Joes' expenditure of many hundred of thousands of dollars lobbying against the current BART airport plan (proposing instead the San Bruno intermodal alternative), and BART's concern that Artichoke Joes, with its army of lawyers and unlimited financial resources, may embroil the project in time-consuming and expensive litigation.

CCSF owns and controls Artichoke Joes' parking lot, which is a vital part of Artichoke Joes' business. BART will use the parking lot for the construction of the airport extension project.

Several months ago the SFPUC conceived of a possible three-party transaction, with the SFPUC acting as "peacemaker," whereby BART, Artichoke Joes and CCSF each would each obtain valuable benefits, as follows:

- 1) Artichoke Joes publicly would drop its opposition to, and stop lobbying against, the airport extension project, and would waive and release any and all claims against BART if BART performs its obligations;
- 2) In turn BART would agree to construct the project in certain ways that mitigate potential adverse effects on Artichoke Joes' business; and

3) CCSF and Artichoke Joes would enter into a long-term lease for the parking lot on advantageous terms for both parties, including approximately \$200,000 in annual rent to CCSF.

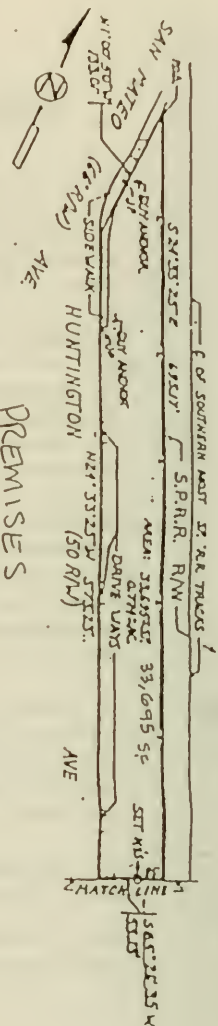
In August 1997 CCSF successfully brokered an agreement (the Construction Concessions Agreement) that contemplated the above agreements between the parties. This "peace agreement" was approved by Artichoke Joes, the BART Board of Directors, and the SFPUC.

As a condition to the effectiveness of the Construction Concessions Agreement, CCSF must enter into the subject long-term lease with Artichoke Joes. This lease is extremely advantageous to CCSF not only because it is made in connection with a "peace agreement" that helped BART construct its airport extension project, but because its economic terms are excellent for CCSF. The forty (40) year lease will insure a guaranteed premium rent stream for the City on property that might otherwise go vacant or simply be used for commuter parking and the like. Because of its close proximity to Artichoke Joes, the lease value of the property increased substantially from the \$7,824.00 previous annual revenue. Based on the above, staff and the Public Utilities Commission felt it was in the best interest of the City to negotiate the forty (40) year lease term.

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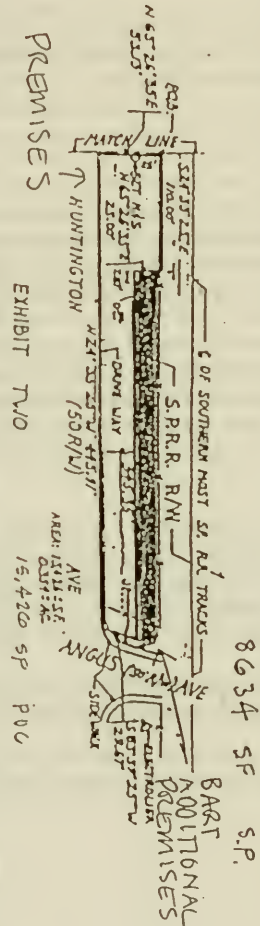
Early Termination Options -

- (a) In the event BART constructs a grade separation at the intersection of San Mateo Avenue, Huntington Avenue and San Bruno Avenue whereby motorists will not be able to turn from San Bruno Avenue directly onto San Mateo and Huntington Avenues, Tenant shall have the option to terminate this Lease upon payment to City of a termination fee equal to twelve (12) months of Base Rent then in effect at the effective date of the termination. Notice of termination is to be delivered to City no later than one (1) year after BART's commencement of construction of grade separation.
- (b) From the date of the substantial completion of the BART Airport Extension Project at the Premises until two (2) years following such completion, Tenant shall have the option to terminate this Lease upon payment to City a termination fee equal to twelve (12) months of the Base Rent in effect at the termination date.
- (c) From two (2) years after BART's substantial completion of the portion of the BART Airport Extension Project at the Premises until ten (10) years after BART's substantial completion of the airport extension construction activities at the Premises, Tenant shall have the option to terminate this Lease upon payment to City a termination fee equal to twenty four (24) months of the Base Rent in effect at the termination date.
- (d) From ten (10) years after BART's substantial completion of the BART Airport Extension Project at the Premises until twenty (20) years after BART's substantial completion of airport extension construction activities at the Premises, Tenant shall have the option to terminate this Lease upon payment to City a termination fee equal to eighteen (18) months of the Base Rent in effect at the termination date.
- (e) From twenty (20) years after BART's substantial completion of that portion of the BART Airport Extension Project at the Premises until the Expiration Date, Tenant shall have the option to terminate Lease upon payment to City a termination fee equal to twelve (12) months of Base Rent in effect at the termination date.



PREMISES

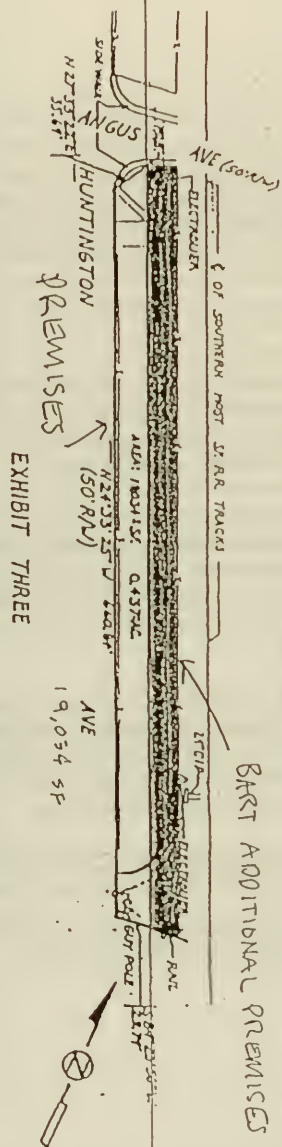
EXHIBIT ONE



PREMISES

EXHIBIT TWO

15,420 sp PVC



PREMISES

EXHIBIT THREE

AVE
19,034 SF

ROBERT C. HUTTON

LICENSED LAND SURVEYOR
SAN MATEO, CALIFORNIA (415) 341-3896

PLAT OF REVOCABLE PERMITS FOR COMMERCIAL	PARKING
CITY OF SAN BRUNO, COUNTY OF SAN MATEO,	CALIFORNIA

EXHIBIT A

Memo to Finance Committee
December 10, 1997 Finance Committee Meeting

DOCUMENTS DEPT.

REVISED 12/8/97 DEC 09 1997

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Item 6 - File 65-97-15

Department: Port

Item: Resolution approving a new lease with Kelly's Mission Rock, LLC, a California limited liability company and the City and County of San Francisco operating by and through the San Francisco Port Commission for lease of a restaurant located at 817 Terry Francois Boulevard, formerly known as Mission Rock Resort.

Lessor: City of San Francisco, through the Port Commission

Lessee: Kelly's Mission Rock, Limited Liability Company (LLC)

Size of Property: Approximately 3,500 square feet of 817 Terry Francois Boulevard building and 2,500 square feet of deck area, and approximately 4,000 square feet of paved land adjacent to the building for restaurant seating

Location: 817 Terry Francois Boulevard, at the end of Mariposa Street on the San Francisco Bay, known as the Central Basin.

Term of Lease: 15 years from approval of the proposed lease by the Board of Supervisors, plus two five-year options to renew

Purpose of Lease: Restaurant with a 199-person capacity offering full service dining, casual dining, entertainment and retail space for sale of souvenir items.

**Lease Revenues
Payable by Kelly's
Mission Rock
to the City:**

Base Rent or a Percentage Rent as described below, whichever is higher

Base Rent:

Initially \$9,888 per month or \$118,656 annually

Percentage Rent:

Full service dining: 7 percent of gross receipts

Casual Dining: 9 percent of gross receipts

Retail/Other Sales: 9 percent of gross receipts

**Adjustment of Lease
Revenues:**

Base rent is to be adjusted annually in accordance with the Consumer Price Index (CPI). On the fifth and tenth anniversary dates, Base Rent will be adjusted to the greater of (1) an amount which equals 60 percent of the average monthly percentage rent paid during the previous 36 months, or (2) the annual cost of living

BOARD OF SUPERVISORS
BUDGET ANALYST

increase according to the CPI on the base rent, whichever is higher. As noted above, the tenant will pay either a percentage rent, as described above, or the base rent, whichever is higher.

In addition to the annual rent increases, during the two five-year option periods, the base and percentage rates will be adjusted to the then current full fair market rental value, as determined by the Port, based on a survey of rental rates for comparable San Francisco restaurants.

**Utilities, Services
and Taxes:**

Tenant will be responsible for all utilities, services, and possessory interest taxes.

Security Deposit:

\$19,776

Description:

The proposed resolution would authorize a new 15-year lease between the Port and Kelly's Mission Rock, LLC, for the Mission Rock Resort Restaurant, located on Terry Francois Boulevard near the end of Mariposa Street at the San Francisco Bay.

According to Ms. Jennifer Sobol of the Port, Kelly's Mission Rock, LLC, was selected through a Request for Proposal (RFP) process. According to the Port's Executive Director, the Port received three responsive proposals, including one from Kelly's Mission Rock, LLC (originally submitted as James Kelly on behalf of South Beach Resort Partners), one from Mission Rock Resort (817) Partners, and one from the Shipyard at Mission Rock. A panel of four members consisting of Port staff and other individuals reviewed the proposals and gave the highest score to Kelly's Mission Rock, LLC, based on specific criteria established in the RFP. In May, 1997, the Port Commission awarded an exclusive right to negotiate with Kelly's Mission Rock, LLC and thereafter awarded the lease to this party.

Comments:

1. Under the terms of the proposed lease, Kelly's Mission Rock would be obligated to make certain capital improvements to the restaurant facility costing a minimum of \$533,755, in accordance with plans and specifications approved in advance by the Port. Kelly's Mission Rock would be entitled to abate the base rent for six months at the beginning of the lease during the time when the improvements are to be made. The lease

further provides that if Kelly's Mission Rock is unable to complete the improvements during this six-month period due to inclement weather, rent would be further abated, up to three additional months, for each day of delay. If Kelly's Mission Rock does not substantially complete construction of the improvements, at a minimum investment of \$533,755, Kelley's Mission Rock would forfeit its \$19,776 security deposit and the Port would have the option of terminating the lease, according to the proposed lease. Ms. Sobol advises that the Port also has the authority to decide what constitutes "substantial" completion of the work.

2. According to Ms. Cynthia Goldstein of the Human Rights Commission, Kelly's Mission Rock is not in compliance with the Equal Benefits Ordinance. Therefore, the proposed resolution should be approved pending compliance by Kelly's Mission Rock with the Equal Benefits Ordinance. Kelly's Mission Rock is not an MBE/WBE firm.

3. According to the Department of Parking and Traffic, the bicycle ordinance would not apply to this proposed lease, since no City employees would be occupying the premises.

4. Since 1975, the subject premises have been leased to Ms. Norma Wahl who operates a restaurant, known as the Mission Rock Resort Restaurant. Ms. Wahl pays a base rent of \$745 per month plus a percent of gross receipts. For the period September, 1996 through August, 1997, Ms. Wahl paid \$23,172 in total rent for the property, or an average of \$1,931 per month. Presently, this lease is on a month-to-month basis. The Port has given notice to Ms. Wahl and the lease will terminate as of December 31, 1997. As noted above, the proposed base rent under the new lease would equal at least \$118,656 per annum, an increase of approximately 412 percent. According to the Port, Ms. Wahl submitted a non-responsive proposal through the RFP process noted above.

Under the Charter, the Board of Supervisors must approve leases and contracts of at least 10 years with anticipated revenues of \$1 million or more. This provision of the Charter was first enacted in 1978, according to Mr. Buck Delventhal of the City Attorney's Office. Therefore, the current lease with Ms. Wahl was not subject to Board of Supervisors approval.

Memo to Finance Committee
December 10, 1997 Finance Committee Meeting

Recommendation: Approve the proposed resolution, contingent on compliance by Kelly's Mission Rock with the City's Equal Benefits Ordinance.

Item 6 - File 65-97-15

Department: Port

Item: Resolution approving a new lease with Kelly's Mission Rock, LLC, a California limited liability company and the City and County of San Francisco operating by and through the San Francisco Port Commission for lease of a restaurant located at 817 Terry Francois Boulevard, formerly known as Mission Rock Resort.

Lessor: City of San Francisco, through the Port Commission

Lessee: Kelly's Mission Rock, Limited Liability Company (LLC)

Size of Property: Approximately 3,500 square feet of 817 Terry Francois Boulevard building and 2,500 square feet of deck area, and approximately 4,000 square feet of paved land adjacent to the building for restaurant seating

Location: 817 Terry Francois Boulevard, at the end of Mariposa Street on the San Francisco Bay, known as the Central Basin.

Term of Lease: 15 years from approval of the proposed lease by the Board of Supervisors, plus two five-year options to renew

Purpose of Lease: Restaurant with a 199-person capacity offering full service dining, casual dining, entertainment and retail space for sale of souvenir items.

Lease Revenues Payable by Kelly's Mission Rock to the City: Base Rent or a Percentage Rent as described below, whichever is higher

Base Rent:
Initially \$9,888 per month or \$118,656 annually

Percentage Rent:
Full service dining: 7 percent of gross receipts
Casual Dining: 9 percent of gross receipts
Retail/Other Sales: 9 percent of gross receipts

Adjustment of Lease Revenues: Base rent is to be adjusted annually in accordance with the Consumer Price Index (CPI). On the fifth and tenth anniversary dates, Base Rent will be adjusted to the greater of (1) an amount which equals 60 percent of the average monthly percentage rent paid during the previous 36 months, or (2) the annual cost of living

increase according to the CPI on the base rent, whichever is higher. As noted above, the tenant will pay either a percentage rent, as described above, or the base rent, whichever is higher.

In addition to the annual rent increases, during the two five-year option periods, the base and percentage rates will be adjusted to the then current full fair market rental value, as determined by the Port, based on a survey of rental rates for comparable San Francisco restaurants.

**Utilities, Services
and Taxes:**

Tenant will be responsible for all utilities, services, and possessory interest taxes.

Security Deposit:

\$19,776

Description:

The proposed resolution would authorize a new 15-year lease between the Port and Kelly's Mission Rock, LLC, for the Mission Rock Resort Restaurant, located on Terry Francois Boulevard near the end of Mariposa Street at the San Francisco Bay.

According to Ms. Jennifer Sobol of the Port, Kelly's Mission Rock, LLC, was selected through a Request for Proposal (RFP) process. The Port received three proposals, including one from Kelly's Mission Rock, LLC, one from Mission Rock Resort (817) Partners, and one from the Shipyard at Mission Rock. A panel of four members consisting of Port staff and other individuals reviewed the proposals and gave the highest score to Kelly's Mission Rock, LLC, based on specific criteria established in the RFP. In May, 1997, the Port Commission awarded an exclusive right to negotiate with Kelly's Mission Rock, LLC and thereafter awarded the lease to this party.

Comments:

1. Under the terms of the proposed lease, Kelly's Mission Rock would be obligated to make certain capital improvements to the restaurant facility costing a minimum of \$533,755, in accordance with plans and specifications approved in advance by the Port. Kelly's Mission Rock would be entitled to abate the base rent for six months at the beginning of the lease during the time when the improvements are to be made. The lease further provides that if Kelly's Mission Rock is unable to complete the improvements during this six-month period due to inclement weather, rent would be further

abated, up to three additional months, for each day of delay. If Kelly's Mission Rock does not substantially complete construction of the improvements, at a minimum investment of \$533,755, Kelley's Mission Rock would forfeit its \$19,776 security deposit and the Port would have the option of terminating the lease, according to the proposed lease. Ms. Sobol advises that the Port also has the authority to decide what constitutes "substantial" completion of the work.

2. According to Ms. Cynthia Goldstein of the Human Rights Commission, Kelly's Mission Rock is not in compliance with the Equal Benefits Ordinance. Therefore, the proposed resolution should be approved pending compliance by Kelly's Mission Rock with the Equal Benefits Ordinance. Kelly's Mission Rock is not an MBE/WBE firm.

3. According to the Department of Parking and Traffic, the bicycle ordinance would not apply to this proposed lease, since no City employees would be occupying the premises.

4. Since 1975, the Mission Rock Resort has been leased to Ms. Norma Wahl, who pays a base rent of \$745 per month plus a percent of gross receipts. For the period September, 1996 through August, 1997, Ms. Wahl paid \$23,172 in total rent for the property, or an average of \$1,931 per month. Presently, this lease is on a month-to-month basis. As noted above, the proposed base rent under the new lease would equal at least \$118,656 per annum, an increase of approximately 412 percent.

Under the Charter, the Board of Supervisors must approve leases and contracts of at least 10 years with anticipated revenues of \$1 million or more. This provision of the Charter was first enacted in 1978, according to Mr. Buck Delventhal of the City Attorney's Office. Therefore, the current lease with Ms. Wahl was not subject to Board of Supervisors approval.

Recommendation:

Approve the proposed resolution, contingent on compliance by Kelly's Mission Rock with the City's Equal Benefits Ordinance.

Item 7 File 101-97-19.1

Department: Trial Courts

Item: Release of reserved funds for the Trial Courts, in the amount of \$175,850, for costs associated with the new Civic Center Courthouse Construction project.

Amount: \$175,850

Source of Funds: Courthouse Construction Fund - These funds consist of a surcharge on civil and probate filing fees, and parking fines as follows: (1) First filing - Superior Court - \$50, (2) First filing - Municipal Court - \$10, and (3) Parking fines - \$1.50. The balance of the Courthouse Construction Fund as of November 30, 1997, is \$15,076,395.

Description: In October of 1997, the Board of Supervisors appropriated \$1,122,757 of Courthouse Construction Fund balance for Other Contractual Services, Professional Services, Equipment, and Capital Improvements for the new Civic Center Courthouse and for conversion costs of the courthouse at 575 Polk Street. Of that sum, \$250,850 was placed on reserve for costs associated with moving expenses (\$175,850) and for conversion of the courthouse at 575 Polk Street (\$75,000).

According to Mr. Alan Carlson, Chief Executive Officer of the Trial Courts, construction on the new Civic Center Courthouse located at the corner of McAllister and Polk Streets has been substantially completed, and the new Civic Center Courthouse will begin operations on December 9, 1997. The Civic Center Courthouse will house the Civil Divisions of the Superior and Municipal Courts.

This request would authorize release of \$175,850 in previously reserved funds for moving expenses from 633 Folsom Street to the new Civic Center Courthouse. These funds were reserved by the Board of Supervisors pending selection of the firm to provide the moving services, the MBE/WBE status of the firm, compliance with the Equal Benefits Ordinance, and submission of contract cost details.

Mr. Carlson reports that NorCal Moving Services, was selected using the City's Invitation for Bids process. Norcal's bid was \$191,150. According to Mr. Carlson, the Trial Courts and NorCal are reviewing the move requirements in order to

reduce the cost of the move to the budgeted amount of \$175,850, or \$15,300 less than NorCal's bid of \$191,150.

The firms which bid for this contract, and their bid amounts, are as follows:

<u>Bidder</u>	<u>MBE/WBE Status</u>	<u>Amount Bid</u>
NorCal Moving Services	None	\$191,150
Cor-O-Van	None	\$210,149
Valley Relocation*	None	\$124,298

*Bid withdrawn after opening due to schedule conflict

Comment:

1. The Attachment, provided by Mr. Neal Taniguchi of the Department of Administrative Services, shows the total costs of \$83,863,861 for the Civic Center Courthouse Construction Project, which includes this request of \$175,850. The Attachment also shows total funding sources of \$84,755,061. Therefore, the total estimated funding sources of \$84,755,061 exceeds the total estimated costs of \$83,863,861 by \$891,200.

2. According to Ms. Gail Roberts of the Human Rights Commission, certification of NorCal Moving Services compliance with the City's Equal Benefits Ordinance is pending. According to Ms. Christiane Hayashi of the City Attorney's Office, the Trial Courts are not required to comply with the City's Equal Benefits Ordinance, although the Trial Courts may voluntarily choose to do so.

Recommendation: Approve the release of reserved funds in the requested amount of \$175,850.

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Item 8 - File 100-97-1.5

Department: Public Transportation Commission (PTC)
Municipal Railway (MUNI)

Item: Hearing to consider the release of reserved funds in the amount of \$108,715 representing six month's salary for two positions (\$36,598) and equipment lease costs for a six month period (\$72,117), in MUNI's Reproduction Unit.

Amount: \$108,715

Description: The Board of Supervisors reserved funding in the amount of \$108,715 in MUNI's FY 1997-98 budget including (a) salaries and related fringe benefits for two positions working in the MUNI Reproduction Unit for the period from January 1, 1998 through June 30, 1998 (\$36,598) and (b) copier equipment lease costs for six months for the period from January 1, 1998 through June 30, 1998 (\$72,117), pending submission of a report to the Finance Committee concerning whether MUNI should consolidate its Reproduction Unit with the Purchaser's Reproduction Unit.

Attachment I to this report is a letter from the Director of Public Transportation requesting release of the subject funds. According to this letter, Mr. Cruz believes that MUNI should continue to keep its Reproduction Unit separate from the Purchaser's Reproduction Unit.

Attachments II and III to this report contain cost and quantity data submitted by MUNI pertaining to MUNI's Reproduction Unit for FY 1996-97. Although both attachments pertain to FY 1996-97, the following table shows examples of the inconsistencies in the data as submitted by MUNI:

<u>Document</u>	<u>Total Cost</u>	<u>Total Number of Impressions</u>	<u>Number of Personnel Assigned</u>	<u>Average Cost per Impression (Per Reproduction)</u>
Attachment II*	\$447,726	20,647,195	3	\$0.0217
Attachment III**	\$282,740	12,272,491	2	\$0.0230

* Dated 9/22/97.

** Dated 11/22/97.

According to Ms. Anne Milner of MUNI, the reason for the inconsistencies between the two reports is that the data in Attachment II is based on information provided by MUNI's Operations Division, which previously managed the Reproduction Unit, whereas the data in Attachment III is based on a detailed examination, performed by MUNI's Department of Communications. Although Ms. Milner now states that the data in Attachment III is correct, the Budget Analyst questions the large variances between two MUNI documents.

Comments:

1. Attachment IV to this report is a memorandum from the Purchasing Department to the Budget Analyst containing cost information for its Reproduction Division for FY 1996-97. Based on the information provided, the cost per impression for the MUNI Reproduction Unit for FY 1996-97 was approximately 20 percent to 28 percent higher than the cost per impression of \$0.18 reported by the Reproduction Division of the Purchasing Department.

2. This subject MUNI request of \$108,715 was specifically reserved by the Finance Committee and the full Board of Supervisors pending submission of a report by the MUNI to the Finance Committee to document costs and other pertinent data in order to make a determination as to whether or not it would be more economical and efficient for the MUNI's Reproduction Unit to be consolidated with Purchaser's Reproduction Unit. As of the writing of this report, in the judgment of the Budget Analyst, MUNI has not submitted sufficient data to the Finance Committee in order to make that determination.

3. A continuation of this reserve would not result in any layoffs or interruption in MUNI's reproduction services because MUNI has sufficient funding to continue to pay for its Reproduction Unit.

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Finance Committee
December 10, 1997

Recommendation: Continue to reserve the requested funds of \$108,715 pending submission by the MUNI of a complete report to the Finance Committee in accordance with Comment No. 2 above.



SAN FRANCISCO MUNICIPAL RAILWAY 949 PRESIDIO AVENUE, SAN FRANCISCO CALIF. 94115 415-673-6664



December 2, 1997

Honorable Susan Leal
Chair, Finance Committee
San Francisco Board of Supervisors
401 Van Ness Avenue, Room 308
San Francisco, CA 94102

Dear Supervisor Leal:

During the annual budget deliberations, the Board of Supervisors, at the recommendation of the Budget Analyst, placed on reserve \$36,598, representing six months salary for two employees who staff the Muni Reproduction Unit – a 1760 offset machine operator and a 1762 senior offset machine operator. These monies were placed on reserve pending a report to the Finance Committee on whether Muni should consolidate its printing facility with the Purchaser's Reproduction Unit. Attached herewith is an *Overview of the Muni Reproduction Unit*, including responses to questions raised by the Budget Analyst with accompanying spread sheets. Muni is requesting that the Finance Committee release these monies, based on Muni's need to keep the Muni Reproduction Unit in-house.

Muni's Reproduction Unit was established in 1974 under the Schedules Department to meet the need of printing Muni's high volume of scheduling and operational materials. That need is even greater today with a Muni that has expanded considerably in the past 20 years. All reproduction of schedule items is time sensitive and requires quick turnaround time. Additionally, all distribution of schedules occurs from the Schedule Distribution Unit adjacent to Muni Reproduction for maximum utilization of clerical support and coordination with the Reproduction Unit staff. The Reproduction Unit grew from a staff of one printer to five employees by the early 1980s and expanded into its present space with up-dated equipment to handle an increased demand for printed materials by Muni, the PUC, Water, and Capital Projects. By 1987, the unit was printing 12,000,000 impressions a year. That number climbed to 20,000,000 by the early 1990s. Budget cuts and attrition steadily reduced staff to the present two clerks, who have staffed the unit for the past year, and continue to print approximately the same volume of materials as when the unit was staffed with five people 10 years ago.

Page 2 - Muni Reproduction Unit

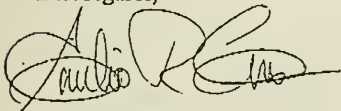
The Municipal Railway, as one of the largest city departments with the highest visibility, has unique printing needs. In addition to the previously stated need for the printing of schedules and operational bulletins, which directly affect the riding public, Muni passengers have asked for better communication and public informational materials to let them know about Muni service and programs. This Fiscal Year, the Muni Reproduction Unit was moved from the Operations Division to the Director's Division under the Department of Muni Communications to respond to this need for better public information materials. These include, but are not limited to, rider bulletins, take-one brochures, newsletters, and bus signs for schedule changes and re-routes. These kinds of printed materials, produced in-house for quick turnaround time, are key to communicating with our riders. We are at a time when we need to be increasing information available to the public.

In conclusion, the low overhead of this unit and the low per impression cost (as detailed in the attached documents), coupled with the need for Muni to have an on-site printing facility to handle time sensitive operational and public information materials continues to be of primary concern in keeping Muni's Reproduction Unit in-house. This is particularly critical now while Muni is attempting to make changes that will dramatically improve Muni service and its relationship to its passengers.

If you should have any questions on this matter, please do not hesitate to contact me or Muni Communications Department Manager Sharyn Saslafsky at 923-6317.

Thank you.

Best regards,



Emilio R. Cruz
Director
Department of Public Transportation

ERC:comm:am

Attachment

REPRODUCTION DEPARTMENT
96/97 COST

Personnel

1760	35,750.00
1760	35,750.00
1762	36,946.00
Fringes	29,280.00
Sub-total	137,726.00

Copy Machine Lease

Docutech	80,000.00
5390	55,000.00
5388	35,000.00
Sub-Total	170,000.00

Maintenance/Other Services	12,000.00
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Materials & Supplies

Paper	75,000.00
Printing Supplies	25,000.00
Office Supplies	10,000.00
Others	6,000.00
Sub-Total	128,000.00

Total Cost	447,726.00
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Total No. of Impressions:	20,647,195
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Average Cost Per Impression:	0.0217
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Spread Sheet A MONTHLY/DAILY AVERAGE COPY COUNT
AND AVERAGE MONTHLY COPY COUNT BY MAIN PRINTERS

MONTH	TOTAL MONTHLY COPIES	PUC/WATER BREAK-OUT	AVERAGE DAILY COPIES	CAPITAL PROJECT
JULY 1996	625,835	45,980	28,447	34,184
AUGUST 1996	1,602,584	32,550	72,845	188,940
SEPTEMBER 1996	770,030	31,701	38,502	224,504
OCTOBER 1996	691,331	18,215	31,424	108,170
NOVEMBER 1996	675,804	16,380	37,545	292,516
DECEMBER 1996	1,213,561	36,240	57,788	233,910
JANUARY 1997	1,057,704	50,145	50,367	16,492
FEBRUARY 1997	405,125	20,840	21,322	4,050
MARCH 1997	1,175,634	20,410	55,983	139,670
APRIL 1997	1,589,281	190,434	72,240	7,185
MAY 1997	949,516	31,600	45,215	76,659
JUNE 1997	1,516,086	110,155	72,195	283,320
ANNUAL TOTALS	12,272,491	604,650		1,609,600
MONTHLY AVERAGES	1,022,707	50,388	48,656 (Average Daily)*	134,133
PRINTER	AVERAGE MONTHLY COPIES			
Docutech	557,000			
XEROX 5390	274,300			
XEROX 5380	125,000			

*Number derived by dividing total monthly copies by working days in each month, then adding total number of daily copies per month and dividing by 12.

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Spread Sheet B MUNI REPRODUCTION UNIT FY 96-97 MAINTENANCE, LEASE, SUPPLIES, CLICK CHARGES				
VENDOR NAME	VENDOR #	INDEX	S.O	AMOUNT
AB Dick	02999	351250	02999	\$10,447.60
Xerox 5090 Supplies (Ink, Staples, Paper)	06518	351250	04591	\$1,203.53
Xerox 5090 Usage 7/96-10/96	06519	351250	03551	\$8,336.04
Xerox-Docutech Lease	06518	351250	03551	\$68,184.12
Xerox-Docutech Use & Maint.	06518	351250	04921	\$20,550.27
Xerox 5388	06518	351250	03551	\$0.0
Xerox 5390 Lease	06518	351250	03551	\$38,140.80
Xerox 5390 Use & Maintenance	06518	351250	03551	\$22,572.56
Office Depot (Office and Printing Supplies)	06886	351250	04951	\$0.0
Saddle Point Systems (Book Binding Materials)	38983	351250	04951	\$0.0
Morgan Graphic Supply (Metal Plates, Solution)	12803	351250	04951	\$0.0
Gans, Inc (Color Ink)	08035	351250	04951	\$559.00
AM Multigraphics (Solution, Electrostatic Plate)	12931	351250	04951	\$3165.00
Minnesota Western	12588	351250	04951	\$0.0
Unisource (Paper Products)	18950	351250	04999	\$49,709.00
Products Unlimited (Paper Products)	14979	351250	04999	\$23,387.00
TOTAL				\$246,255.10

LEASE/RENTAL CHARGES

MACHINE	EFFECTIVE	PERIOD	MONTHLY
Xerox -PP135-W11-032695	12/01/94	5 Years	\$5,236.88
Xerox 5090 W81-081430	7/01/95		\$3,143.90
Xerox 5388	11/01/96	3 Years	\$5,682.01
Xerox 5390 2FK-011661	11/01/96	5 years	\$3,178.40

CLICK CHARGES

DOCUTECH	.0075
Xerox 5390	.0097 Meter B (Original 1-10)
	.0021 Meter A (Total Prints)

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Spread Sheet C MUNI REPRODUCTION UNIT FY 1996-97 EXPENDITURES
 INCLUDING PERSONNEL COSTS (Plus Administrative Oversight),
 MATERIALS AND SUPPLIES, AND CHARGES FOR CAPITAL PROJECTS

PERSONNEL (LABOR) COSTS

CLASSIFICATION	Labor	Fringes @ 22% of labor	PERSONNEL COST
Class 1760	\$35,131	\$7,729	\$42,859
Class 1762	\$39,020	\$8,584	\$47,604
Totals	\$74,150	\$16,313	\$90,463
ADMIN. OVERSIGHT @ 12% of Labor & Fringes			\$10,856
TOTAL			\$101,319

TOTAL REPRODUCTION UNIT EXPENDITURES

MATERIALS, SUPPLIES, LEASE & MAINTENANCE		\$246,255
LABOR		\$101,319
Sub-Total		\$347,574
Less Capital Project Charges		\$64,834
TOTAL 1996-97 COSTS		\$282,740

COST PER IMPRESSION FOR FY 96-97	\$0.0230
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City and County of San Francisco

Purchasing Department



December 5, 1997

To : Stan Jones
Budget Analyst

From : Ara Minasian *Am*
Finance Director

Subject: Cost and production data for Reproduction Services

As you requested, here is a summary of Reproduction's costs and production volume for FY 96-97. David German and I have estimated the costs on the high side:

A) The labor costs shown for production staff are based on:

- 3.0 1760 Press Operators
- 3.0 1404 Clerks
- 0.5 1764 Mail and Reproduction Supervisor

This is overstated, because one 1760 position was vacant for most of FY 96-97. Furthermore, only two 1404 Clerks are dedicated to Reproduction, with occasional support of a third.

B) The labor costs for management and accounting are based on:

- 0.5 1779 Reproduction and Mail Manager
- 0.5 1652 Senior Accountant

C) These cost figures were compiled rather quickly, and it's possible that David and I forgot a few minor costs. Just to be extra conservative, I added 10% to the total, which is probably far in excess of anything we missed.

D) The FY 96-97 count of 73 million impressions included three months of production on a Docutech-type copier that David arranged for a three month free trial, so we have backed out its 6 million impressions from the production total. Even so, we are still including the paper and supplies costs that we spent in using this machine.

E) Based on our conservative cost and production figures, the FY 96-97 cost per impression is \$.018.

As David and I described, we can't identify what we would charge Muni for services based on our price lists. For that purpose, we need a breakdown of Muni's printing volume by size and type of jobs.

Please call David or me if you have any questions.

c: David German, Ed Lee, Sharyn Saslafsky (Muni Communications)

**FY 96-97 Cost per Impression
Reproduction and Mail Services**

A	Labor costs -- production staff	\$ 275,000
B	Labor costs -- management and accounting	70,000
	Lease and usage costs -- high volume copiers	385,000
	Maintenance costs -- owned offset presses	15,000
	Supplies -- paper	300,000
	Supplies -- other copier and printing supplies	65,000
	Subtotal	1,110,000
C	Add: 10% factor (for conservative estimate)	111,000
	Total costs	\$ 1,221,000
	Total FY 96-97 production (impressions)	73,423,555
D	Less: estimated production on beta test copier	6,000,000
	Net FY 96-97 production	67,423,555
E	FY 96-97 cost per impression	\$ 0.018

12/5/97

Item 9 - File 64-97-19

Department: Real Estate

Item: Resolution authorizing three renewal leases for parking lots located in the vicinity of Sixth and Harrison Streets described as SFX80-21, SFX80-22, and SFX80-23 (Caltrans property), for the Police Department and the Sheriff's Department retroactive to September 1, 1997.

Location: In the vicinity of the Hall of Justice at Ahern Way (SFX80-21), Morris Street (SFX80-22), and Oak Grove (SFX80-23)

Purpose of Lease: Parking for emergency vehicles

Lessor: State of California, Department of Transportation (Caltrans)

Lessee: City and County of San Francisco

Number of Parking Spaces: SFX80-21: 68 parking spaces for the Police Department
SFX80-22: 98 parking spaces for the Sheriff's Department
SFX80-23: 105 parking spaces for the Police Department

Lease Rate Payable by City to Caltrans: SFX80-21: \$2,000/month or \$24,000/year
SFX80-22: \$2,300/month or \$27,600/year
SFX80-23: \$3,000/month or \$36,000/year

Percentage Increase Over Prior Leases: None

Term of Leases: September 1, 1997, through August 31, 1999 (2 years)

Utilities and Maintenance: City is to pay for all utilities and maintenance costs.

Right of Renewal: None

Description: The proposed resolution would approve three renewal leases for parking lots in the vicinity of the Hall of Justice. Two of the parking lots would be used by the Police Department, including: (1) 68 parking spaces at \$29 per month per space, and a total annual cost of \$24,000, for parking lot SFX80-21; and; (2) 105 parking spaces at \$29 per month per space, at a total annual cost of \$36,000, for parking lot SFX80-23. One parking lot would be used by the Sheriff's Department, including 98 parking spaces at \$23 per month per space, at an annual cost of \$27,600, for parking lot SFX80-22. The parking lots would be used for emergency vehicles.

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Source of Funds: Funds were approved in the FY 1997-98 budgets of the Police Department and the Sheriff's Departments.

Comment: 1. Caltrans has obtained a Public Entity Exception to the Equal Benefits Ordinance requirements, according to Ms. Cynthia Goldstein of the HRC.

2. According to Mr. Allan Lucas of the Department of Real Estate, the rental costs identified above are the same as under the previous leases for the three parking lots. The proposed rental rates represent fair market value, Mr. Lucas reports.

Recommendation: Approve the proposed renewal leases.

Item 10 - File 84-97-6

Departments: Recreation and Park Department
Department of Real Estate

Item: Resolution approving and authorizing an agreement for the purchase and sale of real property in the Excelsior-Cayuga district for open space purposes, and adopting findings pursuant to City Planning Code Section 101.1.

Location: 20 Lessing Street, Lot 1 in Assessor's Block 7160

Size: 3,512.5 square feet

Seller: Dario A. Baciocco and Katherine J. Baciocco 1992 Revocable Living Trust

Purchase Price: \$80,000, or approximately \$22.78 per square foot

Source of Funds: FY 1994-95 and FY 1995-96 Open Space Funds

Description: The proposed resolution would authorize the purchase of a 3,512.5 square foot vacant lot located at 20 Lessing Street in the Excelsior-Cayuga district, adjacent to the existing Lessing-Sears Mini-Park, to be used for expansion of the Mini-Park. The purchase price would be \$80,000, and another \$3,000 would be required for title insurance and escrow fees, for a total expenditure of \$83,000 to complete the subject purchase.

The General Manager of the Recreation and Park Department (RPD) has included the proposed property acquisition in the Park and Open Space Annual Reports since FY 1994-95. The Park and Open Space Annual Report is reviewed and approved by the Recreation and Park Commission, the Planning Commission and the Board of Supervisors. The City Planning Commission specifically approved the proposed acquisition on April 28, 1994, and determined that the acquisition would be exempt from environmental review and is in conformity with the Master Plan. The proposed resolution would provide Board of Supervisors concurrence with the findings of the City Planning Commission.

Comments: 1. Mr. Ken Chopping of the Department of Real Estate (DRE) states that the DRE conducted an in-house appraisal of the subject property, and has concluded that the proposed purchase price of \$80,000, or approximately \$22.78 per square foot, represents the fair market value of the property.

2. Ms. Joanne Wilson of the Recreation and Park Department (RPD) advises that, if the proposed purchase is approved, the RPD will hold public meetings to obtain neighborhood input prior to preparation of a conceptual plan to develop the addition to the existing Lessing-Sears Mini-Park. Ms. Wilson states that a total of \$175,000 has been budgeted in Open Space Funds from FY 1994-95 through FY 1997-98 for the proposed acquisition and for development of the expanded Mini-Park. Therefore, a balance of \$92,000 (\$175,000 less the \$83,000 required for the subject purchase, including title insurance and escrow fees) would remain available for development of the expanded Mini-Park.

3. According to the Assessor's Office, the assessed valuation of the 20 Lessing Street property to be acquired is \$17,494. Based on the 1997-98 tax rate of \$1.19 per \$100 of assessed valuation, the annual taxes to be paid to the City on the property would be approximately \$208. Once the City acquires the property, such taxes would no longer be paid to the City.

Recommendation: Approval of Open Space acquisitions is a policy matter for the Board of Supervisors.

Item 11 - Item 25-97-17

Department: Juvenile Probation Department

Item: Resolution concurring with the Controller's certification that intake and shelter service to status offenders can continue to be practically performed by private contractor for lower cost than similar work services performed by City and County employees.

Service to be Performed: Intake and Shelter of Status Offenders

Description: Charter Section 10.104 provides that the City may contract with private firms for services which have been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work services performed by City employees.

The Controller has determined that contracting for the intake and shelter of status offenders for FY 1997-98 would result in estimated savings as follows:

	Lowest	Highest
City-Operating Service	Salary	Salary
<u>Costs</u>	<u>Step</u>	<u>Step</u>
Salaries	\$744,148	\$925,976
Fringe Benefits	204,178	232,034
Operating Cost	<u>96,042</u>	<u>96,042</u>
Total	\$1,044,368	\$1,254,052
<u>Contractual Service Cost</u>	<u>606,885</u>	<u>625,358</u>
<u>Estimated Savings</u>	\$437,483	\$628,694

Comments: 1. The Controller's Office advises that the contractual service cost shown above includes the cost of one full time City position, an 8442 Senior Probation Officer, for contract monitoring.

2. The Juvenile Probation Department reports that this service has been continuously provided by an outside contractor since 1984 in part, and since 1989 in total, and has been certified as required by Charter Section 10.104.

3. Mr. John Overman of the Juvenile Probation Department reports that its one-year contract with Huckleberry Youth Programs, Inc., formerly known as Youth Advocates, Inc.,

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BUDGET ANALYST

for the subject intake and shelter services expired on June 30, 1997. The Juvenile Probation Department wishes to exercise its option to renew this contract. Approval of the proposed resolution is required before the expired contract with Huckleberry Youth Programs, Inc. can be renewed for FY 1997-98. Therefore, the proposed resolution should be amended to retroactively concur with the Controller's certification.

4. The Contracted Service Cost used for the purpose of this analysis is the Huckleberry Youth Programs, Inc.'s projected FY 1997-98 cost for Intake and Shelter Services.

5. Mr. Overman reports that Huckleberry Youth Programs, Inc. provides health care coverage to their employees and to the spouses of their employees. Ms. Cynthia Goldstein of the Human Rights Commission states that Huckleberry Youth Programs, Inc. is certified under the Equal Benefits Ordinance.

6. The Controller's supplemental questionnaire with the Department's responses, including the MBE/WBE status of the contract, is attached.

Recommendation: Amend the proposed resolution to retroactively concur with the Controller's certification and approve the resolution as amended.

CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

DEPARTMENT: Juvenile Probation DepartmentCONTRACT SERVICES: Shelter and Intake Services for Status OffendersCONTRACT PERIOD: July 1, 1997 through June 30, 1998

1) Who performed the activity/service prior to contracting out?

*Juvenile Hall Counselors:**3- 8316 Assistant Counselors**7- 8320 Counselors, Juvenile Hall**1- 8318 Counselor II*

2) How many City employees were laid off as a result of contracting out?

None. Eleven (11) positions were cut from the budget, but no permanent staff were laid off.

3) Explain the disposition of employees if they were not laid off.

Permanent employees moved to positions in other parts of Juvenile Hall formerly filled by the Department's as-needed cadre.

4) What percentage of City employees' time is spent on services to be contracted out?

50 %	of 1-8414	Supervising Probation Officer	100 %	of 2 - 8318	Counselors II
100 %	of 1-8442	Senior Probation Officer	100 %	of 14 - 8320	Counselors
100 %	of 3-8440	Probation Officers			

5) How long have the services been contracted out? Is it likely to be a one-time or an ongoing request for contracting out?

The contract with Huckleberry Youth Programs, Inc. (formerly Youth Advocates, Inc.) for a central receiving facility was first entered into by the Juvenile Probation Department, February 1, 1984. The contract expanded to include shelter and intake for status offenders on April 1, 1989. Clearly, this agreement is ongoing and the Department expects to continue to contract out to obtain these services.

6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?

The first year for the central receiving facility contract was FY 1983/84. The first year for the expanded contract was FY 1988/89. This contract has been renewed each subsequent year.

7) How will the services meet the goals of your MBE/WBE action plan?

*Huckleberry Youth Programs, Inc. is a non-profit agency therefore, does not fall within the purview of MBE/WBE goals. Additionally, extensive outreach was accomplished at the Request for Qualifications staging seeking potential MBE/WBE providers.**Does the proposed contract require that the contractor provide health insurance for its employees? Even if not required, are health benefits provided?**There is no stipulation in the body of the contract or within the scope of services requiring the contractor to provide health benefits.*

Proposition J Questionnaire - FY 1997-98, cont.

The contractor's answers to HRC form 12B -101 (Declaration: Nondiscrimination in Contracts and Benefits attests they offer health benefits to their employees.

- 9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?

The contractor's answers to HRC form 12B -101 (Declaration: Nondiscrimination in Contracts and Benefits) attests they offer health benefits to their employees with spouses

Additionally, they indicate they offer the same health benefits to the domestic partners of their employees .

Department Representative: John Overman or Sandy Brown-Richardson

Telephone Number: 753-7725 or 753-7559 respectively, FAX 753-7715

Item 12 - File 121-96-13.1

Note: This item was continued by the Finance Committee at its meeting of November 5, 1997.

Department: Police Department

Item: Ordinance amending Sections 2.26 and 2.27 of the Police Code, which would reduce the annual tow car firm permit filing fee from \$346 to \$1, the annual tow car firm permit license fee for the first truck owned by a tow car firm from \$346 to \$1, and the annual tow car firm permit license fee for each additional tow truck owned by a tow car firm from \$138 to \$1.

Description: Prior to 1997, the Police Department was authorized to regulate tow car operators (drivers) only, not the firms for which these individuals work. In January of 1997, the Board of Supervisors approved an ordinance authorizing the Police Department to regulate tow car firms, pending the adoption of a schedule of fees to charge tow car firms to cover the costs of such regulation (File 121-96-12). In other words, the regulations did not take effect until the Board separately approved a fee schedule.

In February of 1997, the Board of Supervisors approved a separate ordinance establishing a schedule of annual fees for tow car firms (File 121-96-13) as follows: a \$346 permit filing fee would be charged to each tow car firm; a \$346 permit license fee would be charged to each firm for the first tow truck owned by that firm; and a \$138 permit license fee would be charged for each additional tow truck owned by that firm. According to Officer Farrell Suslow of the Police Department, the Police Department developed the schedule of fees based on similar fees charged to taxi cab companies to cover the costs of similar regulation.

Officer Mitchell Holohan of the Police Department advises that approximately 75 tow car firms would be regulated, each with at least one tow truck to be licensed. Officer Holohan estimates that roughly 30 additional tow trucks owned by firms with more than one truck would be licensed. As shown in the table below, the total estimated annual cost to the City of regulating tow car firms is \$56,040.

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<u>Annual Fee</u>	<u>Estimated Annual Cost to City</u>	<u>No. of Firms/ Trucks</u>	<u>Total</u>
Permit Filing Fee	\$346	75	\$25,950
Permit License Fee First Truck	346	75	25,950
Permit License Fee Additional Trucks	138	30	4,140
Total Estimated Annual Costs			\$56,040

Subsequently, the Tow Truck Association, which represents 10 firms that are subcontractors to The City Tow, the firm with which the City contracts to tow improperly parked vehicles from public streets, brought to the attention of the City Attorney a series of legal decisions finding that local regulation of tow car firms is preempted by Federal law. According to Ms. Linda Ross of the City Attorney's Office, the Tow Truck Association threatened to sue the City if it implemented the adopted permit filing and license fees.

According to Ms. Ross, based on discussions with the Tow Truck Association, the Association does not object to local regulation of tow car firms, but does object to the fees being charged, because tow car firms already pay an annual fee to the State. Officer Joe Edwards of the California Highway Patrol reports that the State fee ranges from \$35 to \$3,290 annually, depending on the size of the tow truck fleet owned by a given firm. According to Officer Holohan, the Police Department has not yet implemented the tow car firm regulations or the fee schedule because of the on-going negotiations between the Police Department and the Tow Truck Association.

The proposed legislation would replace the previously approved fee schedule with a nominal annual \$1 permit filing fee per firm and an annual \$1 per truck per firm permit license fee. This would address the concerns of the Tow Truck Association while preserving the City's authority to regulate tow car firms, according to Ms. Ross.

The proposed ordinance would generate an estimated \$180 annually in permit filing and permit license fees, instead of the original estimated fee collections of \$56,040. However, according to Officer Holohan, the

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original estimated cost to the City to issue tow car permit licenses included the cost of Police Department inspections of tow trucks. Officer Holohan states that the Police Department recently adopted regulations allowing the California Highway Patrol and the American Automobile Association to perform such inspections of tow trucks, the costs for which would thereby be borne by tow car firms, not the Police Department, lowering the cost of licensing tow trucks by an estimated \$7,475. Therefore, the total estimated costs of regulation to the City would be \$48,565.

Officer Holohan advises that renewal of permits and licenses will not entail the extensive investigation required for new permits and licenses. Consequently, the annual cost of regulating tow car firms will be substantially lower once the tow car firms have been initially licensed.

Officer Holohan states that the \$48,565 cost estimate includes the regulatory services of the Police Department, the Planning Department, and the Tax Collector, although he could not provide a breakdown of the specific costs for each department.

According to Officer Holohan, if the subject ordinance is approved, the costs to the Police Department of regulating tow car firms would be absorbed in the Police Department's FY 1997-98 budget. Ms. Beverly Fontaine of the Tax Collector's Office reports that, if the subject ordinance is approved, the costs to the Tax Collector's Office of regulating tow car firms would be absorbed in the Office of the Tax Collector's FY 1997-98 budget.

Mr. Robert Passmore of the Planning Department estimates that the costs to the Planning Department of regulating tow car firms would be approximately \$1,838 for the remainder of FY 1997-98, with significantly lower costs in subsequent years. If the subject ordinance is approved, Mr. Passmore states that the costs to the Planning Department of regulating tow car firms would be absorbed by the Planning Department's FY 1997-98 budget.

Comments:

1. According to Ms. Ross, the Tow Truck Association has indicated that it will not challenge the ordinance

Memo to Finance Committee
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to regulate tow car firms if the proposed amendment to the fee schedule ordinance is adopted.

2. According to Officer Holohan, regulation of tow car firms is a necessary consumer protection service that City residents currently lack. Officer Holohan states that, as a policy matter, it is important to regulate firms despite the fact that the costs will not be fully recovered through fee collections.

3. Officer Suslow advises that it is unusual but not unprecedented for the Police Department to issue permits without sufficient fee revenues to cover costs. Examples include permits issued to non-profit entities, such as Bingo parlors, and permits that have fees limited by State law.

4. According to Lieutenant Bruce Loren of the Police Permit Bureau, the City of Los Angeles and the City of San Jose continue to charge permit fees for Tow Truck Companies. Lieutenant Loren reports that Los Angeles charges an application fee of \$450 and an annual renewal fee of \$76 and San Jose charges an application fee of \$241 and an annual renewal fee of \$73. The City of Oakland neither charges permit fees or regulates Tow Truck Companies or individual Tow Truck Operators.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Items 13 and 14 - Files 101-97-31 and 102-97-10

Department: Mayor's Office of Children, Youth and Families (MOCYF)

Item: Item 13, File 101-97-31

Ordinance appropriating and rescinding \$95,200 for salaries and fringe benefits to create two new positions in the Mayor's Office to provide staff for the YouthWorks Program.

Item 14, File 102-97-10

Ordinance amending the FY 1997-98 Annual Salary Ordinance, to create two new positions in the Mayor's Office to provide staff for the YouthWorks Program.

Amount: \$95,200

Source of Funds: Reappropriation of FY 1997-98 MOCYF Children's Baseline General Fund monies from Other Current Expenses.

Description: The YouthWorks Program is a new internship and employment program for high school youth working for the City and County of San Francisco, sponsored by the MOCYF in partnership with the San Francisco Unified School District (SFUSD). Attachment 1, provided by the MOCYF is a more detailed description of the YouthWorks Program. According to Mr. Andres Acevedo of the Mayor's Budget Office, in the FY 1997-98 MOCYF budget approved by the Board of Supervisors, \$500,000 in Children's Baseline General Fund monies was appropriated to the YouthWorks Program in addition to estimated funds of \$630,400 provided by City departments who would participate in the Program for a total budget of \$1,130,400.

Attachment 2, provided by MOCYF, contains the details of the \$1,130,400 budget for FY 1997-98 as well as a list of each Department which has workordered funds to the MOCYF for the YouthWorks Program and the amount of such funds which each Department has workordered. Mr. Acevedo advises that the amount workordered by each Department will be absorbed in their departmental budgets.

The MOCYF is now requesting that two new positions be created for the YouthWorks Program, including one Executive Director and one Program Assistant, and that \$95,000 of the \$500,000 previously appropriated to the YouthWorks Program for Other Current Expenses be reappropriated to Salaries and Fringe Benefits for the two new positions (Item 13, File 101-97-31).

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Item 14, File 102-97-10 would amend the FY 1997-98 Annual Salary Ordinance to add the two new permanent positions to staff the YouthWorks Program, as follows:

No. of Positions	Class	Title	Step 1 Biweekly Salary	Step 5 Biweekly Salary	Range of Annual Salary Costs
1	1363	Special Assistant IV	\$1,174	\$1,421	\$30,641 – 37,088
1	1369	Special Assistant X	1,809	2,199	47,215 – 57,394
2					\$77,856 – 94,482

The annual cost of the requested two new positions would range from \$93,427 at Step 1, including salaries of \$77,856 and fringe benefits of \$15,571, to \$113,378 at Step 5, including salaries of \$94,482 and fringe benefits of \$18,896.

Comments:

1. Mr. Acevedo advises that the two new positions which are the subject of these proposed ordinances have already been filled on a temporary basis. According to Mr. Acevedo, the two positions were filled prior to receiving approval from the Board of Supervisors because the YouthWorks Program was designed to have two full time employees, however, due to an oversight, the MOCYF FY 1997-98 budget appropriation did not set aside any of the \$500,000 for employee salaries and benefits.

2. Mr. Peter Rocha, who was selected by the MOCYF as the Executive Director of the YouthWorks Program, reports that he was hired as Executive Director (1369 Special Assistant X) on September 2, 1997, for a total of 21.5 pay periods in FY 1997-98. The Program Assistant (1363 Special Assistant IV) was hired on September 10, 1997, for a total of 21 pay periods in FY 1997-98. According to Mr. Rocha, both positions were filled at Step 1. Therefore the estimated cost for the two new positions in FY 1997-98, through June 30, 1998, is \$76,258, including \$63,548 in salaries and \$12,710 in mandatory fringe benefits. Therefore the requested supplemental appropriation of \$95,200 (Item 13, File 101-97-31) should be reduced by \$18,942 to \$76,258, including a reduction of \$15,154 for salaries and \$3,788 for fringe benefits.

3. Attachment 3 provided by Mr. Rocha, describes the responsibilities of the two new positions. Attachment 4 contains the details of the YouthWorks Program accomplishments since its inception in FY 1997-98.

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- Recommendations:**
1. Reduce the proposed supplemental appropriation ordinance (File 101-97-31) by \$18,942 from \$95,200 to \$76,258 in accordance with Comment No. 2 above.
 2. Approval of the proposed supplemental appropriation ordinance (File 101-97-31) as amended and the proposed amendment to the Annual Salary Ordinance (File 102-97-10) are policy matters for the Board of Supervisors.

PROGRAM OVERVIEW

As San Francisco enters the 21st century, the necessity of preparing the next generation of leaders to compete in our global marketplace has never been more clear. The fundamental purpose of YouthWorks is for the public sector in San Francisco to do its part in helping prepare this next generation for the fast-paced work world of the future by connecting school to work experiences in city government. By equipping you with the essential skills to meet tomorrow's social, professional and educational challenges, we can arm you with some of the real tools you'll need to succeed.

IN A NUTSHELL . . .

San Francisco YouthWorks is a high-quality, year-round internship and employment program for youth in city government. A new program of the Office of the Mayor – in partnership with the San Francisco Unified School District – YouthWorks seeks to link classroom-based learning to work-based learning.

Eligibility for participation is extended to all high-school age youth enrolled in school: comprehensive, alternative, continuation and community day schools accredited by the San Francisco Unified School District all qualify. During the course of the program's first year, high schools will be phased in for participation – beginning with twelve schools in the Fall, and rolling out to include all remaining schools by the Spring semester. Out-of-school youth, therefore, are required to re-enroll in a school or an accredited community-based education program in order to become eligible.

For 9th- and 10th-graders interested in spending *about 5 hours each week* exploring careers in public service, The City offers a myriad of academic student internships as an extension of each student's classroom-based learning. On a year-round basis, public high school students may compete for a wide range of internship opportunities in more than 60 city departments, offering them basic career awareness and one-to-one job shadowing. Each participating student will earn a stipend and, by the Spring semester, may also earn academic credit toward their diploma.

For 11th- and 12th-graders in search of meaningful work experience that will enable them to earn both income and academic credit toward their high school diploma or GED, YouthWorks offers challenging opportunities for young people to work *as many as 20 hours per week* in various city departments. Not only can youth earn competitive wages for each hour of service, but may earn graduated pay raises as a factor of success in the workplace. In addition, they may earn up to ten units of academic credit per semester.

One-On-One Career Mentoring is a central component that makes the YouthWorks experience so unique. Matched with a Career Mentor, each youth will have the chance to work with some of the most seasoned professionals in the field. Youth will also learn how to develop individualized Career Portfolios reflective of their work experience, skills gained and other accomplishments. These portfolios will serve as valuable tools for college applications and in future job interviews with prospective employers.

Career Portfolios are a very important aspect of each student's academic and professional development. These portfolios will serve as visual histories documenting the students' experiences, skills, and achievements. They are also effective in making clear the connection between school and work, and assisting youth in finding future employment or in applying to school. Youth will complete a variety of work samples that will comprise their personal Career Portfolios. The model is SCANS-based, and requires students to utilize work samples to demonstrate their proficiency in the basic and foundation SCANS skills.

San Francisco State University and City College will offer accredited classes to all interested juniors and seniors participating in the program. City College's courses for the juniors will give students an opportunity to share their experiences with one another, reflect on their progress and discuss ongoing concerns in a college-level environment. S.F. State's faculty-led course curriculum for the seniors will place its emphasis on the structure, purpose and policies of city government. Such a unique academic experience will serve as a valuable exposure to the excitement of the post-secondary world.

The Every Child Can Learn Foundation will offer YouthWorks participants who go on to graduate from high school the opportunity to compete for between 50 and 100 scholarships toward post-secondary education. This provides a powerful incentive to students who need the financial aid or just the motivation to attend a college or university.

San Francisco YouthWorks

FY 97-98 Budget

EXPENSES

Personnel	\$ 75,000
Fringe Benefits	\$ 20,000
Contract Services - Youth Services (Appendix A)	\$954,068
Contract Services - Program Design & Development	\$ 10,000
Contract Services - Participant Training & Support	\$ 12,000
Contract Services - Program Evaluation	\$ 15,000
Contract Services - Mentor Training	\$ 12,000
Printing and Reproduction	\$ 5,000
Mailing and Postage	\$ 3,332
Office Equipment	\$ 14,000
Supplies	\$ 6,000
Academy of Sciences Work-Order	<u>\$ 4,000</u>

Total Expenses \$1,130,400

REVENUES

General Fund \$500,000

Department Matching Funds \$630,400

Administrative Services	\$16,000
Aging, Commission on the	\$10,000
Agriculture, Weights & Measures	\$ 4,000
Airport	\$80,000
Animal Care and Control	\$ 2,000
Art Commission	\$ 2,000
• Grants for the Arts	\$ 6,000
Asian Art Museum	\$ 2,000
Assessor/Recorder	\$10,000
Building Inspection	\$25,000
City Attorney	\$ 4,000
City Planning	\$ 2,000
Controller/Telecommunications	\$12,000
Coroner/Medical Examiner	\$ 2,000
Dept. Human Services	\$26,000
Dept. of Public Health	\$120,000
Dept. of Public Works	\$26,000
Dept. of Elections	\$ 2,000
District Attorney's Office	\$24,400
Fire Department	\$20,000
Housing Authority	\$ 8,000
Human Resources	\$ 8,000
• Health Services System Division	\$ 2,000

• Workman's Comp. Division	\$ 2,000
Human Rights Commission	\$ 2,000
Juvenile Probation Dept.	\$ 6,000
Municipal Railway	\$18,000
Parking and Traffic	\$10,000
Police Department	\$60,000
Port Authority	\$ 4,000
Purchasing	\$ 4,000
PUC	\$34,000
Real Estate Dept.	\$ 2,000
Recreation and Parks Department	\$20,000
Redevelopment Agency	\$ 4,000
Retirement System	\$ 2,000
Rent Board	\$10,000
Sheriff's Office	\$16,000
Status of Women, Comm.	\$ 3,000
Treasurer	\$ 4,000
Trial Courts	\$ 5,000
War Memorial	<u>\$ 2,000</u>
<i>Subtotal</i>	\$630,400

Total Revenues

\$1,130,400

APPENDIX A

CONTRACT FOR YOUTH SERVICE DELIVERY

Session 1 - Fall - 317 slots

• 9 th graders	27 internships (HS credit, \$300 stipend)	\$ 8,100
• 10 th graders	59 internships (HS credit, \$500 stipend)	\$ 29,500
• 11 th graders	116 jobs (HS & City College credit, income)	
	\$5.15/hr. x 10 hrs/wk. (avg) x 13 wks.	\$ 77,700
• 12 th graders	115 jobs (HS & S.F. State credit, income)	
	\$5.15/hr. x 10 hrs/wk. (avg) x 13 wks.	<u>\$ 77,000</u>
<i>Subtotal</i>		<u>\$192,300</u>

Session 2 - Spring - 327 slots (add 10 Trial Courts, 1 Ethics Comm, 1 Law Library)

• 9 th graders	50 internships (HS credit, \$300 stipend)	\$ 15,000
• 10 th graders	75 internships (HS credit, \$500 stipend)	\$ 37,500
• 11 th graders	101 jobs (HS & City College credit, income)	
	\$5.75/hr. x 10 hrs/wk. (avg) x 15 wks.	\$ 87,100
• 12 th graders	101 jobs (HS & S.F. State credit, income)	
	\$5.75/hr. x 10 hrs/wk. (avg) x 15 wks.	<u>\$ 87,100</u>
<i>Subtotal</i>		<u>\$226,700</u>

Session 3 - Summer - 327 slots

• 9 th graders	81 internships (HS credit, \$100 stipend)	\$ 8,100
• 10 th graders	82 internships (HS credit, \$300 stipend)	\$ 24,600
• 11 th graders	82 jobs (HS & City College credit, income)	
	\$5.75/hr. x 20 hrs/wk. (avg) x 8 wks.	\$ 75,440
• 12 th graders	82 jobs (HS & S.F. State credit, income)	
	\$5.75/hr. x 20 hrs/wk. (avg) x 8 wks.	<u>\$ 75,440</u>
<i>Subtotal</i>		<u>\$183,580</u>

Other Expenses

Taxes and Insurance (~13%)	\$ 78,340
Personnel	\$175,625
Technical Assistance	\$ 12,000
Supplies and Misc.	\$ 19,600
Administrative Overhead	<u>\$ 65,923</u>
<i>Subtotal</i>	<u>\$351,488</u>

Total	\$954,068
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*Note – 23 additional slots will be privately funded through the PIC, Fine Arts Museums, the Youth Commission and half of the wages for the Academy of Sciences's 2 slots.



JOB DESCRIPTION

<u>Position:</u>	Director, San Francisco YouthWorks
<u>Classification:</u>	1369 - Special Assistant X
<u>Salary Range:</u>	\$1,809 - \$2,199 (bi-weekly)
<u>City Department:</u>	Mayor's Office of Children, Youth and Their Families

San Francisco YouthWorks is a high-quality, year-round internship and employment program for youth in city government. Although coordinated centrally through the Office of the Mayor, the school-to-career program will function as a partnership with the San Francisco Unified School District, City College of San Francisco, S.F. State University, Jobs for Youth and other community agencies. YouthWorks will enable its participants to earn income, high-school and college credit, as well as offer them opportunities to gain valuable work experience in one of 70 city departments.

Position Description:

Under the direct supervision of the Director of the Mayor's Office of Children, Youth and Their Families or his designee, the **Director of San Francisco YouthWorks** will be responsible for the overall direction, administration, quality control and reporting of the program's operations, coordinating with all city departments, schools, appropriate community agencies, relevant post-secondary institutions and private sector companies, as necessary.

General Responsibilities:

1. Development and implementation of newly-instituted youth employment program in all city departments.
2. Serve as primary liaison to one or more CBO intermediaries, the local School District and all public high schools, Jobs for Youth, City College, San Francisco State University, city departments, and private sector school-to-career efforts.
3. Meet with program's advisory body on a monthly basis, preparing agenda and up-to-date progress reports.
4. Ensure that program meets the Mayor's pre-defined short- and long-term goals and objectives.
5. Hiring, overall supervision, training and evaluation of program staff and interns.
6. Work to diversify funding base by exploring potential public and private funding sources to assure the program's long-term stability and growth.



JOB DESCRIPTION

<u>Position:</u>	Program Assistant San Francisco YouthWorks
<u>Classification:</u>	1363 - Special Assistant IV
<u>Salary Range:</u>	\$1,174 - \$1,421 (bi-weekly)
<u>City Department:</u>	Mayor's Office of Children, Youth and Their Families

San Francisco YouthWorks is a high-quality, year-round internship and employment program for youth in city government. Although coordinated centrally through the Office of the Mayor, the school-to-career program will function as a partnership with the San Francisco Unified School District, City College of San Francisco, S.F. State University, Jobs for Youth and other community agencies. YouthWorks will enable its participants to earn income, high-school and college credit, as well as offer them opportunities to gain valuable work experience in one of 70 city departments.

Position Description:

Under the direct supervision of the program's Director, the **Program Assistant** is responsible for providing organizational and administrative support in the coordination and implementation of San Francisco YouthWorks. The duties of this position include representing the Director as needed to the community and on behalf of The City, conducting workshops and training sessions for the youth participants, and generally assisting in the ongoing development and execution of the program.

General Responsibilities:

1. Support the Director in the development and administration of YouthWorks, both in the supervision of office staff and in the general oversight of the program.
2. Assist Director in the preparation of reports, documents, training materials, interdepartmental memoranda and regular correspondence.
3. Work with advisory council and community partners to design and administer an appropriate training curriculum and connecting activities for YouthWorks participants.
4. Serve as the day-to-day liaison to the high schools, city departments, community agencies and post-secondary institutions.
5. Take minutes in advisory council meetings and other meetings as required.
6. Maintain youth internship and employment data system.
7. Other duties as assigned relevant to the program's operations.

401 VAN NESS AVENUE, ROOM 336, SAN FRANCISCO, CALIFORNIA 94102

(415) 554-6141

RECYCLED PAPER

MEMORANDUM

December 3, 1997

TO: Joe Andrews, Special Assistant to the Mayor
FROM: Peter L. Rocha, Director, San Francisco YouthWorks
Re: Summary of Accomplishments To Date

As we enter in to our second semester of operation, it is my pleasure to relay some of the accomplishments that we have made thus far.

- Established a dedicated and strong relationship with the San Francisco Unified School District, its liaisons and core development staff.
- Successfully incorporated a community based recruitment procedure for YouthWorks participants.
- Maintained a competitive environment in the selection process of YouthWorks participants.
- Successfully recruited 350 "Career Mentors" in 65 city departments for more than 300 YouthWorks participants.
- Administered 12 Pre-Employment Orientation seminars to participating local high schools.
- Developed bi-weekly "Communications Updates" as a means of fostering systemic growth and effective communication strategies.
- Instituted Career Mentor trainings for registered YouthWorks Career Mentors.
- Develop and facilitate a monthly "Celebrity Speakers Series" which is designed to connect the professional and the students in an informational setting.
- Convene a 20-member Advisory Council to assist in the on-going development and evolution of the YouthWorks Program.

Items 15 and 16 - Files 101-97-36 and 102-97-12

Department: Police Commission
Office of Citizen Complaints (OCC)

Items: **Item 15, File 101-97-36** - Supplemental appropriation ordinance appropriating \$230,180, consisting of \$154,647 from a General Fund Reserve established for the Office of Citizen Complaints (OCC) and \$75,533 from San Francisco International Airport (SFIA) revenues, for permanent salaries, fringe benefits, rent, other current expenses, materials and supplies, equipment, services of other departments, and for the creation of three new positions.

Item 16, File 102-97-12 - Ordinance amending the 1997-98 Annual Salary Ordinance to reflect the creation of three new positions for the OCC.

**Amount and
Source of Funds:**

General Fund Reserve established by the Board of Supervisors in FY 1997-98 Budget for the Office of Citizen Complaints	\$154,647
FY 1997-98 Budgeted Airport Revenues	<u>75,533</u>
Total	\$230,180

Description: The Office of Citizen Complaints (OCC) receives and investigates complaints against uniform members of the San Francisco Police Department (SFPD) and prosecutes cases sustained by the OCC before the Chief of Police or the Police Commission. The OCC reports directly to the Police Commission.

In November, 1995, San Francisco voters approved Proposition G, which requires the OCC to employ one OCC line Investigator for every 150 sworn members of the Police Department. Based on the current level of 2,244 authorized sworn positions (including the Airport Police), the number of authorized 8124 OCC Investigator positions increased by four positions, from 11 in FY 1995-96 to 15 in FY 1997-98, in order to comply with Proposition G. Also, one new 8126 Senior Investigator position (for a total of two authorized Senior Investigator positions) and two other clerical positions were approved in the OCC's FY 1996-97 budget. As such, there has been an increase of seven positions (35 percent) in OCC's budget, from 20 positions in FY 1995-96 to 27 positions in FY 1997-98.

According to Ms. Mary Dunlap, Director of the OCC, in addition to the increase in staffing, there has been an

increase in the number of cases received and the number of cases sustained by the OCC since FY 1995-96. Specifically, there were 828 cases received between January 1, 1997 and September 30, 1997, which represents an increase of 82 cases (11 percent) over the 746 cases received during the same period in 1995. In addition, the OCC sustained 75 cases between January 1, 1997 and September 30, 1997, which represents an increase of 45 cases (150 percent), over the 30 cases sustained during the same period in 1995 (see Attachment I provided by Ms. Dunlap). In addition, Ms. Dunlap advises that there were two lengthy high profile cases investigated by the OCC and heard by the Police Commission during FY 1996-97 and FY 1997-98 which have resulted in a backlog. As of September 30, 1997, there were 475 cases pending, which represents 57 percent of the 828 cases received year-to-date. Of these 475 cases pending, 71 or 15 percent were received prior to January 1, 1997 (see Attachment I).

According to Ms. Dunlap, the increases in staffing levels and workload have resulted in corresponding increases in non-personnel expenditures, including materials and supplies, reproduction, mail and other current expenses. Ms. Dunlap further advises that the increased workload has also resulted in the need for an increase of three additional positions, which are the subject of this request. Additionally, Ms. Dunlap advises that the increase in staffing over the past three fiscal years, combined with the request for three new positions included in this supplemental appropriation ordinance, has resulted in the need for additional office space for the OCC.

During the FY 1997-98 budget process, the Board of Supervisors established a General Fund Reserve in the amount of \$170,000 for additional staff, equipment and other expenses for the OCC. Additionally, the Board of Supervisors allocated \$75,533 from Airport revenues to fund this project, for total estimated project costs of \$245,533.

The proposed supplemental appropriation ordinance (File 101-97-36) would appropriate \$230,180 from these funds, including \$154,647 of the \$170,000 in the General Fund Reserve and \$75,533 from Airport revenues, resulting in total project costs of \$230,180, or \$15,353 less than the previously estimated project costs of \$245,533 (see Comment No. 6). This \$230,180 would be expended during the period from approximately January 1, 1998 through June 30, 1998, as follows:

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December 10, 1997

Permanent Salaries	\$140,946
Fringe Benefits	33,444
Property Rent	28,766
Other Current Expenses	2,390
Copy Machine	1,166
Materials and Supplies	777
Office Equipment	8,700
Department of Telecommunications and Information Services (DTIS) - Maintenance and Operation	1,344
Electricity	56
Purchasing - Central Shop	864
Purchasing - Reproduction	1,100
Purchasing - Mail Service	77
Real Estate Department	10,500
Light, Heat & Power	50
Total	\$230,180

Additionally, the proposed ordinance (File 102-97-12) would amend the 1997-98 Annual Salary Ordinance to reflect the creation of three new positions for the OCC, as follows:

<u>Position Title</u>	<u>No. of Positions</u>	<u>Biweekly Salary</u>	<u>Annual Salary @ Step 1</u>	<u>Annual Salary @ Step 5</u>
1371 Special Assistant XII	1	\$2,161 - \$2,627	\$56,402	\$68,565
8126 Senior Investigator, OCC	1	\$1,936 - \$2,354	50,530	61,439
8174 Attorney, Civil and Criminal	1	\$2,004 - \$2,435	<u>52,304</u>	<u>63,554</u>
Subtotal - Salaries			\$159,236	\$193,558
Fringe Benefits (24%)			<u>38,217</u>	<u>46,454</u>
Total	3		\$197,453	\$240,012

As shown above, the annual cost of the requested three positions would range from \$197,453 at Step 1, including \$159,236 in salaries and \$38,217 in fringe benefits, to \$240,012 at Step 5, including \$193,558 in salaries and \$46,454 in fringe benefits.

Descriptions of the proposed expenditures are as follows:

Permanent Salaries ***\$140,946***

This request would provide funding for three new positions for approximately 20 pay periods, from approximately September 25, 1997 through June 30, 1998 (see Comment No. 2).

Ms. Dunlap reports that this \$140,946 request includes \$47,618 for one new 8126 Senior Investigator position (\$2,354 biweekly x 20.2 pay periods). According to Ms. Dunlap, this new position is needed in order to provide an

adequate level of supervision for the 15 authorized OCC Investigator positions. Ms. Dunlap advises that, of the two existing Senior Investigator positions, one is currently acting as a Special Assistant in order to perform other non-investigative functions which have not been budgeted for previously (see next paragraph). Also, according to Ms. Dunlap, since October of 1996, two existing 8124 Investigators have been acting in a supervisory capacity as 8126 Senior Investigators. These two Investigator positions, in addition to one of the two existing authorized Senior Investigator positions (for a total of three acting Senior Investigators), have enabled the OCC to maintain a supervisor to staff ratio of one Senior Investigator for every four line Investigators, based on a total of 12 line Investigators. According to Ms. Dunlap, the addition of one new Senior Investigator position would enable the OCC to maintain an adequate level of supervision for line Investigators without the current practice of line Investigators serving as acting Senior Investigators (see Comment No. 1).

The request of \$140,946 for permanent salaries also includes \$52,509 for a new Special Assistant XII position (\$2,596 biweekly x 20.2 pay periods). According to Ms. Dunlap, this position is needed in order to assume the functions currently being performed by the Senior Investigator, who, as noted above, is acting as a Special Assistant. These functions include: (a) developing a formal outreach program targeted towards juveniles and non-English speaking residents; (b) conducting in-depth policy and statistical analysis; (c) reviewing and analyzing State legislation related to law enforcement personnel and coordinating a response with the City's State Legislative Representative; (d) handling OCC investigative hearing and mediation programs; and (e) monitoring and staffing the Early Warning Program, which identifies sworn members of the SFPD whose complaint records indicate a need for early intervention.

Lastly, the OCC is requesting \$40,819 for one new 8174 Attorney position (\$2,004 biweekly x 20.4 pay periods). According to Ms. Dunlap, an attorney was hired in October of 1997 to assist the existing authorized 8178 Senior Attorney position. Ms. Dunlap advises that this employee was hired to fill a vacant 8124 Investigator position, which was subsequently TXed to an 8174 Attorney position. The functions of this position include assisting the Senior Attorney by providing additional legal support and evaluation of cases and by assisting with the Police Chief and Commission hearings. According to Ms. Dunlap, this position

request is in response to concerns from the public and the Police Commission about delays in the disciplinary process and would assist in moving cases more quickly through the process. Ms. Dunlap advises that a Roundtable on Police Discipline Reform was convened in order to address and make recommendations on the delays and lack of timeliness on the part of the OCC in processing cases. Attachment II is a copy of the Police Commission's resolution to adopt the Roundtable's recommendations.

Fringe Benefits

\$33,444

This amount represents approximately 24 percent of the permanent salaries request of \$140,946.

Property Rent

\$28,766

This request would enable OCC to rent additional office space, which, according to Ms. Dunlap, is necessitated by the recent increase of seven positions and the proposed increase of three more positions. The OCC currently occupies approximately 6,750 square feet on the first floor of 480 Second Street. The rental cost for this space is \$1.15 per square foot, for a total rent of \$7,750 per month or \$93,000 per year. The OCC relocated to this site in November of 1995, prior to the staffing level increases which occurred in FY 1996-97 and FY 1997-98. Prior to the staffing level increases, this site provided an average of 337.5 square feet per employee for 20 employees. This site now provides an average of 250 square feet per employee for the 27 existing employees.

Mr. Steve Alms of the Real Estate Department reports that the Real Estate Department has negotiated an amendment to the existing lease in order to provide additional space on the second floor of 480 Second Street for the existing and requested new positions. This lease amendment, which has not yet been approved by the Board of Supervisors, would provide an additional 2,047 square feet of space at the same rental rate of \$1.15 per square foot, for an additional rental expense of \$2,355 per month (\$28,260 per year). Mr. Alms reports that the other terms of the lease would remain unchanged.

Thus, the OCC's total rental expense for the combined new and existing space would be \$10,105 per month or \$121,260 per year, for a total of 8,797 square feet, or an average of 293 square foot per employee for 30 employees, including the three proposed new employees. According to Ms. Dunlap, the reason for this relatively high amount of square feet per employee is that, in addition to open office space, the new

space on the second floor contains one conference room and six private offices, which are needed by the OCC in order to conduct confidential interviews with complainants and witnesses. In addition, Ms. Dunlap further advises that the OCC plans to hire at least two interns and/or volunteers in the spring of 1998.

Mr. Alms advises that no tenant improvements are necessary for the additional space on the second floor, and that, pending approval of the legislation for the proposed lease amendment, which will be separately submitted to the Board of Supervisors, the OCC will be able to occupy the additional space on or about January 1, 1998. However, according to Mr. Alms, the lease amendment, which was negotiated in September and October of 1997, assumed a commencement date of October 1, 1997. Thus, although the OCC is not currently occupying the additional space, the OCC has been incurring rental expenses for this space since October 1, 1997 (see Comment No. 3). Thus, the rental cost for the period from October 1, 1997 through June 30, 1998 (nine months) will be an estimated \$21,195 (\$2,355 per month x nine months) (see Comment No. 4).

Various Operating Expenses

\$4,694

According to Ms. Dunlap, this expenditure request would provide additional funding for various non-personnel items, based on the increased workload, recent staffing level increases and the proposed increase in staffing. Ms. Dunlap advises that these estimates are based on the OCC's past expenditure history in these categories and are for the period from approximately January 1, 1998 through June 30, 1998. A breakdown of this request is as follows:

Other Current Expenses	\$2,390
Materials and Supplies	777
Telecommunications and Information	
Services - Maintenance and Operation	1,344
Electricity	56
Purchasing - Mail Service	77
Light, Heat & Power	50
Total	\$4,694

Copying

\$1,166

Ms. Dunlap reports that the OCC currently has two large volume copy machines, of which one is owned and one is leased by the OCC. This request of \$1,166 would be paid to the manufacturer of the newer, leased copy machine for the additional copying necessitated by the increased workload, which will result in higher than budgeted costs for copying in

FY 1997-98. This amount is based on a projected additional copy volume of 29,150 copies at \$0.04 per copy. According to Ms. Dunlap, this funding might also be used to lease a new copier to replace the other older copier, which is in deteriorating condition.

Office Equipment **\$8,700**

This request would provide funding for the purchase of three new Hewlett Packard 166 MHz computer workstations, two laser printers and other related computer equipment, at an estimated cost of \$2,900 per workstation, for the proposed three new OCC employees. This equipment would be purchased from one of the three computer vendors approved by the Purchaser. The OCC currently has 27 computers and six printers, which are used by all existing 27 employees.

Purchasing - Central Shops **\$864**

This would provide funding for additional fuel and maintenance costs resulting from the increased workload and staffing levels for the OCC's fleet of seven vehicles.

Purchasing - Reproduction **\$1,100**

Based on the increased workload, the OCC is requesting an additional \$1,100 in order to print additional copies of the OCC's brochure in English and to begin printing the brochure in Spanish and Chinese.

Real Estate Department **\$10,500**

This request is for a workorder with the Real Estate Department for costs incurred by Real Estate for negotiating the lease amendment, space planning and preparing legislation. Mr. Alms advises that this amount is based on approximately 124 hours at \$84.46 per hour.

Comments:

1. As noted above, according to Ms. Dunlap, one additional 8126 Senior Investigator position is needed in order to maintain an adequate level of supervision for line Investigators without the current practice of line Investigators serving as acting Senior Investigators. The addition of one new Senior Investigator position would result in a supervisor to staff ratio of one Senior Investigator for every five Investigators. However, in the professional judgment of the Budget Analyst, a ratio of one supervisor for every five employees is excessive, especially considering that the 8124 Investigator class is a paraprofessional class that should possess the requisite skills to be able to work independently and without close supervision. We consider a supervisor to staff ratio of one to between eight or ten to be adequate.

We obtained information on supervisor to staff ratios from some other City departments which utilize investigator classifications. For example:

- In the Police Department's Investigations Bureau, in which Inspectors are responsible for conducting investigations and are supervised by Lieutenants, there is currently an average ratio of one Lieutenant for every 13 Inspectors.
- In the Police Department's Management Control Division, a staff of eight Sergeants and Inspectors, who handle internal investigations of sworn members, report to one Sergeant supervisor, for a supervisor to staff ratio of one to eight.
- The Public Defender's Office reports that the supervisor to staff ratio is one Senior Public Defender's Investigator to 10 Public Defender's Investigators.
- The District Attorney's (DA) Office reports that supervisor to staff ratios for supervisory and line investigator classes in the DA's Office ranges from one to seven in the Welfare Fraud Unit to one to 14 in the General Prosecutions Unit.
- The City Attorney's Office reports that there are 15 Claims Investigators, five Claims Adjusters and three Senior Investigators (a total of 23 employees) who report to three supervisory-level positions, resulting in a supervisory to staff ratio of approximately one to eight.

Based on the OCC's authorized staffing level of two authorized 8126 Senior OCC Investigators and 15 authorized 8124 OCC Investigators, the OCC's supervisor to staff ratio, based on authorized staffing, is currently one Senior Investigator for every 7.5 Investigators. This ratio is already above our recommended range of one supervisor for every eight to 10 line employees. As noted above, the addition of one new Senior Investigator position would result in a supervisor to staff ratio of one Senior Investigator for every five Investigators, which is excessive. As such, we are recommending against the approval of the requested one new 8126 Senior Investigator position.

However, we are recommending approval of the two other requested new positions, the 1371 Special Assistant XII and the 8174 Attorney, Civil and Criminal. The approval of the Special Assistant II position would open up one existing

Senior Investigator position, so that both Senior Investigator positions could be filled by employees working in that class. The two Investigator positions which currently serve as acting Senior Investigators could be used again as line Investigators. The approval of the Attorney position would open up a third existing Investigator position, so that all of the 15 Investigator positions would be working as line Investigators. As a result, the two existing Senior Investigators positions would be available to serve as supervisors for all 15 line Investigators, resulting in the supervisor to staff ratio noted above of one to 7.5. In addition, there is one authorized 8127 Chief Investigator position in the OCC's budget who can also serve in a supervisory capacity, as needed.

2. According to Ms. Dunlap, the OCC expects to fill the requested new positions by January 5, 1998, subject to approval of the proposed ordinances by the Board of Supervisors. Thus, the amount needed for permanent salaries and fringe benefits for the period from January 5, 1998 through June 30, 1998 (12.6 pay periods), for the two requested positions which are being recommended for approval, is \$71,870, as follows:

1371 Special Assistant (12.6 pp @ \$2,596/pp)	\$32,710
8174 Attorney (12.6 pp @ \$2,004/pp)	<u>25,250</u>
Total - Salaries	\$57,960
Fringe Benefits @ 24%	<u>13,910</u>
Total Amount Needed	\$71,870

As such, the supplemental appropriation request should be reduced by \$82,986, from \$140,946 to \$57,960, for permanent salaries, and by \$19,534, from \$33,444 to \$13,910, for fringe benefits, for a total reduction of \$102,520.

3. As noted above, the proposed lease amendment to provide additional space for the OCC at 480 Second Street would be retroactive to October 1, 1997. According to Mr. Alms, this is because the Real Estate Department agreed to an October 1, 1997 commencement date so that the landlords, Mr. and Mrs. Robert and Vera Court, would keep the office space off the rental market, and because it was assumed at the time that the proposed lease amendment was negotiated that the OCC would be able to move into the new space by October 1, 1997. Additionally, according to Mr. Alms, the proposed monthly rental cost is \$1.15 per square foot, which is the same rate negotiated in 1995 for the OCC's existing space on the first floor, and which is significantly below the current fair market rent of approximately \$1.75 per square foot for that area.

4. As noted above, the OCC has been incurring rental expenses for the additional space at 480 Second Street since October 1, 1997. As such, the rental cost for the period from October 1, 1997 through June 30, 1998 will be an estimated \$21,195 (\$2,355 per month x nine months). Thus, the supplemental appropriation request for property rent should be reduced by \$7,571, from \$28,766 to \$21,195. In addition, this amount of \$21,195 should be placed on reserve, pending approval of the legislation for the proposed lease amendment by the Board of Supervisors.

5. Based on the Budget Analyst's recommendation against the approval of the new 8126 Senior Investigator position, the Budget Analyst is also recommending against the approval of one of the three computers requested for new employees. In addition, given that the OCC already has six printers, we are recommending approval of only one of the two requested new laser printers. As such, the supplemental appropriation request for office equipment should be reduced by \$3,076, from \$8,700 to \$5,624, as follows:

HP Vectra Pentium 166 MHz Computer	\$1,169
HP 16MB Memory Upgrade	94
HP 15" Color Monitor	318
HP Laserjet 4000N Laser Printer	<u>1,495</u>
Total Recommended Reduction	\$3,076

6. Mr. Andres Acevedo of the Mayor's Office advises that an Amendment of the Whole for the proposed supplemental appropriation ordinance (File 101-97-36) will be submitted to the Finance Committee at its meeting on December 10, 1997. Mr. Acevedo advises this Amendment of the Whole would appropriate the remaining \$15,353 of the \$170,000 General Fund Reserve established for the OCC by the Board of Supervisors. According to Ms. Dunlap, this additional \$15,353 would be used to fund a workorder with the Department of Telecommunications and Information Services (DTIS) to install new computer wiring in the OCC's new space at 480 Second Street and to upgrade the OCC's existing telephone system in order to accommodate the requested new employees. Ms. Dunlap advises that the amount actually needed is \$16,530, as follows:

Computerized boards needed to add additional voice mail and phone lines; cables; telephone equipment	\$7,835
Installation of computerized boards and computer cables by DTIS staff	<u>8,700</u>
Total	\$16,530

BOARD OF SUPERVISORS
BUDGET ANALYST

Although the amount needed of \$16,530 is \$1,177 more than the available funds of \$15,353, Ms. Dunlap advises that the OCC will absorb the \$1,177 balance in its FY 1997-98 budget.

Thus, with the Amendment of the Whole, the total amount of the supplemental appropriation ordinance would be \$245,533, or \$15,353 more than the original request. This additional appropriation of \$15,353, which relates to the new lease premises, should be placed on reserve, pending approval of the legislation for the proposed lease amendment by the Board of Supervisors.

7. In summary, the Budget Analyst is recommending total reductions in the amount of \$107,543, from \$245,533 (including the \$15,353 included in the Amendment of the Whole) to \$137,990, and is recommending against approval of one of the three new positions being requested. In addition, the Budget Analyst recommends that \$36,548 be placed on reserve pending the approval of the legislation for the proposed lease amendment for 480 Second Street by the Board of Supervisors. The Budget Analyst's specific recommended reductions, by line item category, are shown in the table below:

<u>Line Item Category</u>	<u>Amount of Request Based on Amendment of the Whole</u>	<u>Budget Analyst's Recommended Reductions</u>	<u>Budget Analyst's Recommended Amount</u>	<u>Budget Analyst's Recommended Reserves</u>
<u>Original Request:</u>				
Permanent Salaries	\$140,946	\$82,986	\$57,960	\$0
Fringe Benefits	33,444	13,910	19,534	0
Property Rent	28,766	7,571	21,195	21,195
Other Current Expenses	2,390	0	2,390	0
Copy Machine	1,166	0	1,166	0
Materials and Supplies	777	0	777	0
Office Equipment	8,700	3,076	5,624	0
DTIS - Maintenance & Operation	1,344	0	1,344	0
Electricity	56	0	56	0
Purchasing - Central Shop	864	0	864	0
Purchasing - Reproduction	1,100	0	1,100	0
Purchasing - Mail Service	77	0	77	0
Real Estate Services	10,500	0	10,500	0
Light, Heat & Power	50	0	50	0
Total - Original Request	\$230,180	\$107,543	\$122,637	\$21,195
<u>Amendment of the Whole:</u>				
Services of DTIS	15,353	0	15,353	15,353
TOTAL	\$245,533	\$107,543	\$137,990	\$36,548

BOARD OF SUPERVISORS
BUDGET ANALYST

The Budget Analyst further recommends that the recommended reductions in the amount of \$107,543 be returned to the General Fund Reserve.

- Recommendations:**
1. Amend the proposed supplemental appropriation ordinance by reducing the amount by \$107,543, from \$245,533 to \$137,990, in accordance with Comment No. 7 above (File 101-97-36).
 2. Amend the proposed supplemental appropriation ordinance by placing \$36,548 on reserve, pending approval of the legislation for the proposed lease amendment by the Board of Supervisors, in accordance with Comments No. 4, 6 and 7 above (File 101-97-36).
 3. Amend the proposed ordinance to amend the 1997-98 Annual Salary Ordinance in order to reflect the creation of only two of the three requested new positions, the 1371 Special Assistant XII and the 8174 Attorney, Civil and Criminal, and to delete the one new requested 8126 Senior OCC Investigator position (File 102-97-12).
 4. Approve the proposed legislation as amended.
 5. Return the recommended reductions in the amount of \$107,543 to the General Fund Reserve.

Response of Director of the OCC: Ms. Dunlap strongly disagrees with the Budget Analyst's recommendation against the approval of one new Senior Investigator position. Ms. Dunlap states that she did not have sufficient time to review the Budget Analyst's report; that she was not given an adequate opportunity to justify the requested new Senior Investigator position; and that the supervisor to staff ratios of other City departments shown in Comment No. 1 above are not comparable.

THE POLICE COMMISSION

OFFICE OF CITIZEN COMPLAINTS

CITY AND COUNTY OF SAN FRANCISCO



October 31, 1997

Mary C. Dunlap
Director

TO: Hon. Pat Norman, President, and Members, SF Police Commission
Hall of Justice, 850 Bryant Street
San Francisco CA. 94103

RE: 1997 Third Quarter Report

Dear President Norman and Commissioners:

I am pleased to present the 1997 Third Quarter Report of the Office of Citizen Complaints.

In this report, the key numbers are 828 new complaints filed (7% higher than '96, 11% higher than '95), 792 cases closed (28% higher than '96, 13% higher than '95) and 75 cases sustained (234% of '96, 150% of '95). Thus, the principal measures of OCC workload all reflect continuing increases within 1997 --- higher intakes, closures and sustained case numbers. In the third quarter, the OCC has handled a growing caseload with high efficiency during a period of severe short-staffing.

Because of the increase in SFPD sworn memberships and the addition of Airport jurisdiction during the third quarter, required OCC staffing is 15 investigators (1 investigator for every 150 officers). During this period, there have been only 9 investigators handling intakes, investigations and closures at the line level, in part due to staff attrition and to the vital assignment of 2 investigators to acting senior positions. The processes of working with the Department of Human Resources to recruit and hire the most highly qualified investigators, and of securing the funds in City and Airport reserves for OCC's additional staffing needs (including additional personnel and workspace), will come to fruition in November, 1997. Meanwhile, the increased numbers of intakes, closures and sustained cases in the third quarter of OCC's 1997 work were achieved by a temporarily much-diminished investigator workforce. Just as I reported for the second quarter of 1997, I commend all OCC personnel for these results.

With best regards,

Mary C. Dunlap
MARY C. DUNLAP, Director

COMPREHENSIVE STATISTICAL REPORT

DATE: 01/01/97 TO 09/30/97

	1ST QUARTER 2ND QUARTER		3RD QUARTER		YTD
	1997	1997	1997	1997	TOTAL
Number of Cases Received	287	280	98	110	828
Total Mergers/Voids 1997	-6	0	-2	-2	-12
Adjusted No. of Cases Received	281	280	96	108	816
Total Mergers/Voids 1998	0	0	0	0	0
Number of 1995 Cases Closed	4	4	0	1	9
Number of 1996 Cases Closed	180	144	23	11	375
Number of 1997 Cases Closed	35	165	80	58	410
Total Number of Cases Closed	219	313	103	70	704
Number of 1995 Cases Pending	6	2	2	1	1
Number of 1996 Cases Pending	263	121	98	70	70
Number of 1997 Cases Pending	246	341	357	404	404
Total Number of Cases Pending	515	464	457	475	475
Total Info. Only 1997	8	21	10	6	50
Total Info. Only 1998	5	0	0	0	5
Number of Cases Sustained	10	37	13	10	28
					75



The Police Commission
CITY AND COUNTY OF SAN FRANCISCO

August 20, 1997

Fred H. Lau
Chief of Police

Dear Chief Lau:

PAT NORMAN
President

DENNIS J. HERRERA
Vice President

SIDNEY CHAN
Commissioner

EDWARD J. PETRILLO
Commissioner

CONNIE PERRY
Commissioner

LT. MANUEL BARRETTA
Secretary

At the meeting of the Police Commission on Wednesday, August 13, 1997, the following resolution was adopted:

RESOLUTION NO. 100-97

APPROVAL OF ROUND TABLE RECOMMENDATIONS ON POLICE DISCIPLINE REFORM

RESOLVED, that the Police Commission hereby approves Roundtable recommendations on Police Discipline reform, as follows:

1. Delay and lack of timeliness lead to miscarriages of justice or the perception of injustice. The process needs to be sped up. The Roundtable recommends the following goals:
 - 1 year to complete MCD and OCC investigations
 - 90 days to move a verified complaint to a Police Commission hearing
 - 60 days for MCD to review and return complaints to the OCC
 - 60 days for MCD from the end of an investigation to the filing of charges
 - 90 days for OCC from the end of an investigation to the filing of charges

OCC did submit a list of exceptions to these goals and other agencies may also have exceptions to these general goals. These exceptions were not part of the Roundtable's consensus process, however, the Roundtable did recognize the need to outline some exceptions.

To keep track of progress towards these goals, we recommend quarterly reports to MCD and OCC to the Police Commission during regular Commission meetings. The reports would include the number of cases and how long they have been pending. At these same meetings, the Commission would report to the public its own progress towards these goals.

Fred H. Lau
Chief of Police
August 20, 1997
Page 2

2. Cooperation between the different parties in the discipline process needs to be improved not further strained. The Roundtable recommends that the police reinstate its 14 year old practice of allowing overtime pay when necessary for officers to respond to OCC complaints.
3. The Roundtable encourages all parties to use mediation to resolve cases which don't involve major infractions, physical harm, or offensive slurs.

AYES: Commissioners Norman, Herrera, Chan, Petrillo, Perry

Very truly yours,



Lieutenant Manuel Barretta
Secretary
THE POLICE COMMISSION

1137/rc

cc: Ms. J. Tregor/Intergroup Clearing House
Mr. M. Hebel/POA
Captain G. Winters/Risk Management
Sergeant R. Corriea/MCD
Director M. Dunlap/OCC

Memo to Finance Committee
December 10, 1997 Finance Committee Meeting

Items 17 and 18 - File 101-97-32 & 45-97-123

Department: Public Utilities Commission (PUC)
Cleanwater Program

Items: Ordinance appropriating \$1,648,000 from the Cleanwater Program Fund for FY 1997-98 and authorizing settlement of litigation of Walter and Ramona Yee against the City and County of San Francisco for \$1,648,000 (File 101-97-32).

Ordinance authorizing settlement of litigation of Walter and Ramona Yee against the City and County of San Francisco in the amount of \$1,648,000. (File 45-97-123)

Amount: \$1,648,000

Source of Funds: Cleanwater Program Fund

Description: On December 11, 1995, storm water gushed from a failed 6-foot brick sewer, eroded dune and sand soil underlying part of the Seacliff area and created a pit that was more than 250 feet wide and 40 feet deep. This incident is referred to as the "Seacliff Incident." As a result of the Seacliff Incident, part of Walter and Ramona Yee's single family residence, located in the Seacliff Area, fell into the pit.

The Yees have asserted causes of action against the City for inverse condemnation, dangerous condition of public property, failure to maintain a public improvement, nuisance, negligence, trespass, and negligent infliction of emotional distress. The Yees' total original claim was \$3,598,204, but they have agreed to accept \$1,648,000 in settlement. The City Attorney has recommended approval of this settlement amount. According to the proposed ordinance (File 45-97-123) as consideration for this proposed settlement, the Yees have agreed to release the City from all claims arising from the Seacliff Incident.

The proposed ordinance (File 45-97-123) would authorize the settlement of litigation for an amount of \$1,648,000 to be paid to the Yees by the City. The proposed supplemental appropriation ordinance (File 101-97-32) would appropriate a settlement amount of \$1,648,000 to the Yees.

Comments: 1. Ms. Ann Carey of the PUC advises that the City has expended over \$12 million in previously appropriated funds for emergency cleanup and permanent repairs resulting from the Seacliff Incident.

BOARD OF SUPERVISORS
BUDGET ANALYST

2. The entire \$1,648,000 settlement agreement would be paid directly to the Yees. The City would not oversee any of the construction work and all contractors would be retained directly by the Yees.

3. According to Ms. Louise Simpson of the City Attorney's Office, at the same time the Seacliff Incident occurred, two construction projects were being performed for the City in the Seacliff area, including (1) renovation and improvements to the Seacliff sewage Pump Station No. 2, located at 100 Seacliff Avenue in San Francisco; and (2) construction of a 10,200-foot long, 14-foot diameter sewer tunnel, known as the Richmond Transport Tunnel, located in the Richmond-Seacliff-Lobos Creek Area of San Francisco, plus excavation and rehabilitation of certain existing sewer tunnels.

The City retained Haley & Aldrich to perform construction management services for both projects. Haley & Aldrich subcontracted with EPC Consultants, Inc. and Underground Construction Managers also to perform construction management services for the two projects. Shank Balfour/Beatty acted as the general contractor for Richmond Transport Tunnel project and A. Ruiz Construction Company acted as the general contractor for the Seacliff Pump Station No. 2 project.

The City has cross-complained against all five of these firms for causes of action, including breach of contract, negligence and indemnity. In addition, the City is seeking coverage as an additional insured under the general liability policies of the above-named five firms. However, according to Ms. Simpson, whether or not the City collects any monies from any of the five firms or their insurers, the City Attorney has recommended that this proposed subject settlement in the amount of \$1,648,000 be approved by the Board of Supervisors.

4. Ms. Simpson advises that there are 36 government tort claims pending against the City which are all related to the Seacliff area residents for property damage resulting from the Seacliff Incident. The City has also received one tort claim from the United States Department of Interior for property damage to the Lobos Creek Area resulting from the Seacliff incident, Ms. Simpson reports. These 37 claims total over \$10,000,000. According to Ms. Carey, the source of funds to pay for any portion of the claims which may become due is the Rate Stabilization Fund, which derived its revenues originally from interest savings achieved through bond refinancing, and in subsequent years from any Sewer

Service Charges collected in excess of PUC sewer-related costs. The Rate Stabilization Fund, which had an estimated balance of \$25.8 million on July 1, 1997, is used to stabilize future Sewer Service Charge Rates by mitigating the impact of unforeseen events, such as large emergency expenditures or revenue shortfalls.

5. According to Ms. Carey, the requested settlement of \$1,648,000 and the 37 other claims could have a future impact on the Sewer Service Charge. The claims would deplete the \$25.8 million Rate Stabilization Fund more quickly than the PUC had anticipated, which would hasten the end of the stabilizing effect on the Sewer Service Charge of the Rate Stabilization Fund. Ms. Carey reports that the PUC has not yet estimated the potential impact that these claims may have on the Sewer Service Charge Rate for FY 1998-99, and for future fiscal years. The rate impact may be partially mitigated by additional revenues generated by the Sewer Service Charge as a result of increased water consumption in the last two years, Ms. Carey reports.

6. Ms. Simpson states that if the Finance Committee needs additional information regarding the basis for the proposed settlement, such information should be addressed by the City Attorney's Office in closed session.

Recommendation: Approval of the proposed ordinances is a policy matter for the Board of Supervisors.

Item 19 - File 45-97-127

Department: City Attorney's Office
Real Estate Department (DRE)
Public Utilities Commission (PUC)

Item: Ordinance authorizing settlement of litigation of the Santa Clara County Transit District (SCCTD) against the City and County of San Francisco by payment of \$51,800 from the SCCTD to the City for one permanent and one temporary easement over City-owned Public Utilities Commission property known as Assessor's parcel number 160-55-001 in Mountain View, California.

Amount: \$51,800

Description: The subject parcel of City land, which is located in the City of Mountain View in Santa Clara County and which is under the jurisdiction of the Public Utilities Commission (PUC), is currently used by the San Francisco Water Department for underground water conduits to transport water from the Yosemite area to the Bay Area. As a result of the City and County of San Francisco's and the Santa Clara County Transit District's (SCCTD) inability to agree on a sale price for easements on the property, on December 2, 1996, the SCCTD filed an eminent domain action in the Superior Court of Santa Clara to gain one permanent easement and one temporary easement for ingress and egress across the subject PUC property in connection with the SCCTD Tasman Corridor Light Rail Extension Project.

Mr. William Fleishhacker of the City Attorney's Office reports that the SCCTD has offered to pay the City \$51,800 for the two easements. This offer has been approved by the Public Utilities Commission. The proposed ordinance would authorize the City Attorney to settle the eminent domain action by entering into a stipulation for judgment in condemnation to sell the easements to the SCCTD for \$51,800.

Approval of this ordinance would grant Santa Clara County: (a) a temporary easement for ingress and egress across the subject property during construction of the SCCTD Tasman Corridor Light Rail Extension Project and (b) a permanent easement of ingress and egress across the subject property and for use as a pedestrian pathway to the SCCTD Tasman Corridor Light Rail Extension Project after construction of that project has been completed.

Memo to Finance Committee
December 10, 1997 Finance Committee Meeting

The PUC land, known as Assessor's parcel number 160-55-001, stands between the SCCTD's Tasman Corridor Light Rail Extension Project and access to the street. Approximately 4,947 square feet is requested for the permanent easement and 2,058 square feet for the temporary easement.

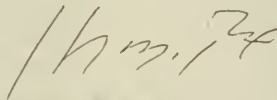
Comments:

1. Mr. Steve Hoppe of the DRE advises that the DRE appraised the use of the subject PUC land at \$50,500 based on the value of comparable land. However the SCCTD calculated and offered \$51,800 which is \$1,300 more than the fair market value as determined by the DRE.

2. Of the \$51,800 which would be paid to the City by the SCCTD, \$49,400 is for the permanent easement and \$2,400 is for the temporary easement. These amounts are approximately equivalent to \$9.99 per square foot for 4,947 square feet of the permanent easement and \$1.17 per square foot for the 2,058 square feet of the temporary easement. According to Mr. Hoppe, the temporary easement would last for a term of 7 months.

3. According to Mr. Hoppe, paved roads already exist on the parcel. Further, Mr. Gary Dowd of the PUC advises that SCCTD's use of the land for ingress and egress purposes would not interfere with the San Francisco Water Department's continued use of the land for water conduits under the surface of the land in order to transport water.

Recommendation: Approve the proposed ordinance.



Harvey M. Rose

cc: Supervisor Leal
President Kaufman
Supervisor Brown
Supervisor Ammiano
Supervisor Bierman
Supervisor Katz
Supervisor Medina
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Supervisor Yee

Clerk of the Board
Controller
Matthew Hymel
Stephen Kawa
Ted Lakey

BOARD OF SUPERVISORS
BUDGET ANALYST

CALENDAR

Finance Committee Board of Supervisors City and County of San Francisco

REGULAR MEETING

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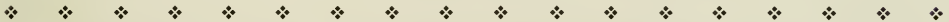
SAN FRANCISCO
PUBLIC LIBRARY

WEDNESDAY, DECEMBER 17, 1997, 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVENUE, ROOM 410
SAN FRANCISCO, CA 94102

MEMBERS: Supervisors Susan Leal, Barbara Kaufman, Amos Brown

CLERK: Rosemary Little-Horanzky



Disability Access



Both the Committee Room (Room 410) and the Chamber (Room 404) are wheelchair accessible. The closest accessible BART Station is Civic Center, four blocks from the Veterans Building. Accessible MUNI lines serving this location are: #42 Downtown Loop and the #71 Haight/Noriega and the F line to Market and Van Ness and the METRO stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call 923-6142.



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- ❖ For American sign language interpreters or the use of a reader during a meeting, contact Violeta Mosuela at (415) 554-7704.
- ❖ For a large print copy of an agenda, contact Moe Vazquez at (415) 554-4909.

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Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

FINANCE COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

REGULAR MEETING

WEDNESDAY, DECEMBER 17, 1997 – 1:00 P.M. VETERANS BUILDING
401 VAN NESS AVENUE
ROOM 410

MEMBERS: SUPERVISORS SUSAN LEAL, BARBARA KAUFMAN, AMOS BROWN

CLERK: ROSEMARY LITTLE-HORANZY

1. File 127-97-6.2. [Hotel Tax Fund Reallocation] Ordinance amending Municipal Code, Part III (Hotel Tax Fund Reallocation), by amending Section 515.01(b)(3)(E) to extend the allocation of Hotel Tax Funds to provide rent supplements for low-income households for five years in an aggregate maximum amount of \$3,240,000 during such five-year period, for a total aggregate amount of \$7,240,000 over the fifteen-year period from January 1, 1997, through December 31, 2002. (Supervisor Brown)

ACTION:

2. File 101-97-35. [Appropriation, Courthouse] Ordinance appropriating \$1,235,093, Department of Public Works, from the General Fund Reserve for the new Civic Center Courthouse operations, maintenance and custodial services and the creation of fourteen (14) positions; companion measure to File 102-97-11). (Mayor Willie L. Brown, Jr.)

ACTION:

3. File 102-97-11. [Salary Ordinance Amendment, Public Works] Ordinance amending Annual Salary Ordinance 307-97, reflecting the creation of ten positions in the Department of Public Works; companion measure to File 101-97-35. (Mayor Willie L. Brown, Jr.)

ACTION:

4. File 101-97-49. [Appropriation, Civic Center Courthouse Security] Ordinance appropriating \$261,238 from the General Fund Reserve to fund the cost of the ten (10) additional positions for security needed at the new Civic Center Courthouse for fiscal year 1997-98; companion measure to File 102-97-17. (Trial Courts)

ACTION:

5. File 102-97-17. [Public Employment, Sheriff's Office] Ordinance amending Annual Salary Ordinance, 1997/98 reflecting the creation of 10 new positions in the Sheriff's Office; companion measure to File 101-97-49. (Department of Human Resources)

ACTION:

6. File 101-97-39. [Appropriation, Department of Human Services] Ordinance appropriating \$11,232,378, Department of Human Services, of State and Federal Revenues to fund implementation of Welfare Reform Programs, expansion of adoption and Homeless Programs, and improvement of Department of Human Services facilities, and for the creation of 277 new positions and the deletion of 149 positions, for fiscal year 1997-98; companion measure to File 102-97-14. RO #97159. (Controller)

ACTION:

7. File 102-97-14. [Salary Ordinance Amendment, Dept of Human Services] Ordinance amending Ordinance No. 307-97 (Annual Salary Ordinance, Department of Human Services, reflecting the net creation of 128 new positions; companion measure to File 101-97-39. (Department of Human Resources)
8. File 93-97-3. [MOU, MEA Police, Bargaining Unit P3] Ordinance implementing the provisions of a Memorandum of Understanding between the Municipal Executives Association and the City and County of San Francisco for Bargaining Unit P3 to be effective July 1, 1992 through June 30, 2001. (Department of Human Resources)

ACTION:

9. File 93-97-4. [MOU, MEA Airport Police, Bargaining Unit XP3] Ordinance implementing the provisions of a Memorandum of Understanding between the Municipal Executives Association and the City and County of San Francisco for Bargaining Unit XP3 to be effective July 1, 1996 through June 30, 1997. (Department of Human Resources)

ACTION:

10. File 93-97-5. [MOU, MEA Fire, Bargaining Unit F3] Ordinance implementing the provisions of a Memorandum of Understanding between the Municipal Executives Association and the City and County of San Francisco for Bargaining Unit F3 to be effective July 1, 1992 through June 30, 1999. (Department of Human Resources)

ACTION:

11. File 123-97-8. [City Hall Non-Seismic Improvement Project] Hearing to consider the Department of Public Works estimated additional costs if any, to complete the City Hall Non-Seismic Improvement Project, the funding sources and the amounts of additional funding required to complete the project. (Supervisor Leal)

ACTION:

12. File 101-97-50. [Appropriation, Public Works, City Hall] Ordinance appropriating \$25,192,702 of City Hall Improvement bond funds proceeds for design and construction of non-seismic improvements at City Hall for the Department of Public Works for fiscal year 1997-98. (Mayor)

ACTION:

13. File 97-97-62. [Employee Signature Authorization Ordinance] Ordinance amending Administrative Code by adding Article VII, Chapter 23, Sections 23.31 through 23.35, requiring certain labor representation procedures in hotel or restaurant development projects in which the City has a proprietary interest. (Supervisors Katz, Yaki, Yee, Bierman, Leal, Medina, Teng, Ammiano, Brown)

ACTION:

14. File 127-97-9. [Real Property Transfer Tax] Ordinance amending Article 12-C of Part III, Municipal Code (Real Property Transfer Tax), by amending Section 1115.2, to substitute the Director of Property for the Assessor as a member of the Transfer Tax Review Board. (Supervisor Kaufman)

ACTION:

15. File 127-97-10. [Taxes, Add Common Administrative Provisions] Ordinance amending Municipal Code, Part III, by adding Article 6, (Common Administrative Provision), Sections 6.1-1 through 6.23-1, to add common administrative provisions for the transit occupancy tax, parking tax, utility users tax, emergency response fee, stadium operators tax, payroll expense tax and business tax and providing an effective date (January 1, 1998). (Supervisor Kaufman)

ACTION:

16. File 127-97-11. [Transient Occupancy Tax] Ordinance amending Municipal Code, Part III, Article 7 (Tax on Transient Occupancy of Hotel Rooms), by amending Sections 501, 502, 502.5, 502.6, 502.6-1, 502.8, 502.8-1, 506 and 515 relating to definitions, rate of tax, surcharges, redevelopment project areas, exemptions and administration; and by repealing Sections 507, 508, 509, 510, 511, 512, 513, 514, 515.1, 516, 517 and 518 relating to registration, returns, deficiency determinations, failure to file return, jeopardy determinations, redeterminations, penalties and interest, collection, Board of Review, savings clause, violations and effective date; and providing an effective date (January 1, 1998). (Supervisor Kaufman)

ACTION:

17. File 127-97-12. [Parking Tax] Ordinance amending Municipal Code, Part III, Article 9 (Tax on Occupancy of Parking Space in Parking Stations), by amending Sections 601, 602, 602A, 602.5, 604, 606 and 615, relating to Parking Tax definitions, imposition and rate of tax, charges subject to tax, surcharge, collection of tax, exemptions and administration; repealing Sections 607, 608, 609, 610, 611, 612, 613, 614, 616, 617 and 618, concerning registration of operator, returns, deficiency determinations, failure to file return, jeopardy determinations, redeterminations, penalties and interest, collection of tax, savings clause, violations a misdemeanor and effective date; and providing an effective date (January 1, 1998). (Supervisor Kaufman)

ACTION:

18. File 127-97-13. [Utility Users Tax] Ordinance amending Municipal Code, Part III, Article 10 (Utility Users Tax), by amending Sections 701, 703, 704, 705, 706, 706.1, 707, 707.2, 708, 709, 713, 714, 715 and 720 relating to Utility Users Tax definitions, telephone users, electricity users, gas users, water users, steam users, exemptions, rate adjustments, collection, reporting, records, refunds, failure to pay and purpose; repealing Sections 702, 710, 711, 712, 714.1, 716, 718, 721 and 722 concerning exemptions, interest and penalties, failure to collect, Board of Review, residential hotels, regulations, violations, savings clause and effective date; and providing an effective date (January 1, 1998). (Supervisor Kaufman)

ACTION:

19. File 127-97-14. [Emergency Response Fee] Ordinance amending Municipal Code, Part III, Article 10A (Emergency Response Fee), by amending Sections 751, 754, 756 and 765 pertaining to emergency response fee definitions, exemptions, sunset of fee and refunds; by repealing Sections 763, 764, 767, 769, 771 and 772 relating to Appeal, Board of Review, records, rules and regulations, violations; misdemeanor, savings clause and effective date; and providing an effective date (January 1, 1998). (Supervisor Kaufman)

ACTION:

20. File 127-97-15. [Stadium Operators Tax] Ordinance amending Municipal Code, Part III, Article 11 (Stadium Operator Admission Tax), by amending Sections 801 and 807 relating to stadium operators tax definitions and exemptions; by repealing Sections 809 through 840, 842, 843 and 844 concerning determination of tax due, returns, contents of returns, filing, extension of time, deficiency determinations, interest, offsetting payments, penalties, fraud, service, notice of deficiency determination, no return made, computation, interest, fraud, service, jeopardy determinations, nonpayment, redetermination, time for filing, hearing, alteration of determination, finality of order, time for payment, service, penalties and interest, refund, administration, Board of Review, examination of records, disclosure, savings clause, violations and effective date; and providing an effective date (January 1, 1998). (Supervisor Kaufman)

ACTION:

21. File 127-97-16. [Payroll Expense Tax] Ordinance amending Municipal Code, Part III, Article 12-A (Payroll Expenses Tax Ordinance) by amending Sections 902.4, 903, 903.1, 904, 905, 905-A, 906A, 906B, 906C and 917.1 pertaining to payroll expense tax defining "employee", imposition of tax, rates of tax, apportionment, nexus, small business exemption, enterprise zone credit, new jobs credit, summer youth employment credit and relation to business tax ordinance; by repealing Sections 902.3, 902.7, 902.8, 902.9, 905-B, 907.1, 908, 909, 909.1, 910, 910.1, 911, 912, 913, 914, 914, 916, 917, 918 and 918.1 relating to defining "City and County", "Person", "Tax Collector", "Taxpayer", smaller business exemption, financial information, duties of tax collector, interest and penalties, amount of penalties, underpayments, jeopardy assessments, overpayments, redetermination, Board of Review, legal actions, misdemeanor, savings clause, exemption, successors or assignees, and failure to withhold; and providing an effective date (January 1, 1998). (Supervisor Kaufman)

ACTION:

22. File 127-97-17. [Gross Receipts Tax] Ordinance amending Municipal Code, Part III, Article 12-B, (Business Tax Ordinance), by amending Sections 1002.15, 1004, 1004.01 through 1004.13, 1004.15, 1004.16, 1004.17, 1004.18, 1005, 1005.5, 1005.6, 1005.7, 1005.8, 1007, 1007.3, 1008, and 1009 relating to real estate development, fixed place of business, commission merchants, brokers, contractor, hotels, apartments, laundries, cleaners, money lending, personal property rental, other businesses, retail sales, storage, freight forwarding, utilities, transporting persons for hire, trucking, wholesale sales, architects, engineers, nonprofit garage corporations, tax rates, firearms sales, constitutional exemptions, enterprise zone credit, new jobs credit, summer youth employment credit, garment manufacturers credit, registration, fictitious business names, suspension, revocation of certificates, payments, returns; by repealing Sections 1002.4, 1002.8 1002.14, 1004.14, 1005.3-1, 1005.4, 1009.1, 1009.2, 1010, 1010.1, 1011, 1012, 1013, 1013.1, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026 and 1027 concerning "City and County" "Person", "Tax Collector", controller's report, smaller business exemption, other exemptions, financial information, penalties, deficiency determinations, jeopardy assessments, no return made, redetermination, penalties, amount of penalties, actions, remedies; duty of successors, failure to withhold, refunds, tax collector, Board of Review, records required, examination, payments by mail, confidentiality, severability, violations, licensing, effective dates; and providing an effective date (January 1, 1998). (Supervisor Kaufman)

ACTION:

LITIGATION

The Finance Committee of the Board of Supervisors may decide, by motion, to meet in closed session under the provisions of Government Code Section 54956.9(a) to discuss proposed settlement of the litigation listed below, this litigation involving the City and County of San Francisco. This motion would be made on the basis that discussion in open session of this proposed settlement would prejudice the position of the City in this litigation.

23. File 166-97-3. [Legal Action for Medical Services] Resolution authorizing Tax Collector attorney to institute legal proceedings for the recovery of value of services in the amount of \$77,447.23, at hospital facilities operated by the Department of Public Health. (Treasurer/Tax Collector).

ACTION:

24. File 166-97-4. [Delinquent Tax Assessment, Five Star Parking] Resolution authorizing the Tax Collector to collect the amount of \$78,195.79 from Five Star Parking Partnership, in full satisfaction of the personal property taxes listed in Schedule 1 and directing the Controller to cancel all amounts of taxes, penalties and fees assessed but not collected; and authorizing the Tax Collector to collect the amount of \$176,935.98 plus interest at ten percent (10%) per annum payable in monthly installments in full satisfaction of the personal property taxes listed in Schedule 2, and directing the Controller to cancel all tax amounts, delinquency penalties, and fees assessed but not collected. (Treasurer/Tax Collector)

ACTION:

The Finance Committee of the Board of Supervisors may find that it is in the best interests of the City not to disclose any information revealed in its closed session deliberation in the above items at this time and may move not to disclose any information at this time.

LEGISLATION UNDER THE 30-DAY RULE

Rule 5.40 provides that when an ordinance or resolution is introduced which would create or revise major city policy, the committee to which the legislation is assigned shall not consider the legislation until at least thirty days after the date of introduction. Now pending:

File No. 97-97-70, Cash Assistance Linked to Medi-Cal Program – CALM, (Mayor), 30 day Rule expires 1/07/97.

File No. 97-97-71, Indigent Adults, Personal Assisted Employment Services – PAES, (Mayor), 30 day Rule expires 1/07/97.

File No. 97-97-72, Supplemental Security Income Pending Cash Assistance, Program – SSIP, (Mayor), 30 day Rule expires 1/07/97.

File No. 97-97-73, General Assistance Program – Various Changes, (Mayor), 30 day Rule expires 1/07/97.

FINANCE COMMITTEE
S.F. Board of Supervisors
Veterans Building
401 Van Ness Avenue, Room 308
San Francisco, CA 94102

IMPORTANT HEARING NOTICE!!!

Bill Lynch
Govt Information Ctr
41 Main Library-Civic Center
100 Larkin Street

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 MARKET STREET, SUITE 1025

SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

December 12, 1997

TO: Finance Committee

FROM: Budget Analyst *Recommendation for meeting of*

SUBJECT: December 17, 1997 Finance Committee Meeting

DOCUMENTS DEPT.

DEC 16 1997

SAN FRANCISCO
PUBLIC LIBRARY

Item 1 - File 127-97-6.2

Department: Mayor's Office of Housing

Item: Ordinance amending the Municipal Code, Part III, Article 7 by amending Section 515.01(b)(3)(E) to extend the allocation of Hotel Tax funds to provide rent supplements for low-income households for five years in an aggregate maximum amount of \$3,240,000 from January 1, 1998, through December 31, 2002.

Description: In 1972 a settlement agreement between Tenants & Owners in Opposition to Redevelopment (TOOR), the Redevelopment Agency, the City, and the U.S. Department of Housing and Urban Development was reached to resolve a dispute over proposed redevelopment activities in the Yerba Buena district. The settlement agreement required that the City and HUD contract with various non-profit organizations to construct at least 1,500 residential units for any senior and/or disabled tenants who wished to stay in the general area and who would otherwise be displaced by the proposed redevelopment activities. In addition, the City and HUD agreed to provide rent subsidies for qualified occupants of three residential apartment buildings, which house low income seniors and disabled persons, for a period of 35 years. Under the agreement, HUD provides rental subsidies for 40

percent of the occupants in each building and the City provides rental subsidies for the balance of occupants that require rental subsidies. Mr. Davis advises that not all occupants require rental subsidies.

The City's portion of such a rental subsidy program has been in place for 25 years, from January 1, 1972 to December 31, 1997, paid for by Hotel Tax funds. Section 515(b)(3)(E) of the Administrative Code provided an allocation of a total of \$4,000,000 of Hotel Tax funds over the 10-year period from January 1, 1987 to December 31, 1996, for the rental subsidy program. Mr. Lovell Davis, Program Director of the rental subsidy program, advises that funds were carried forward in the prior 10-year allocation to allow the rental subsidy program to be funded for an additional year, from January 1, 1997 to December 31, 1997.

This proposed legislation amends Section 515(b)(3)(E) to extend the existing rent subsidy program for an additional five years (from January 1, 1998, through December 31, 2002) and to allocate an additional \$3,240,000 of Hotel Tax Funds for rent subsidies and administrative costs during that five-year period. Based on average annual amounts to be allocated to the program, the five-year extension of the rental subsidy program represents a 62 percent increase over the past 10-year period (\$3,240,000 divided by 5 equals \$648,000 annually which is 62 percent more than \$4,000,000 divided by 10 or \$400,000 annually). Mr. Davis advises that the increase is necessary due to increased rental and building maintenance costs.

According to Mr. Davis, the requested funds will continue to provide approximately 280 rental subsidies for low income seniors living in studios or one-bedroom apartments in the following three multi-unit residential buildings:

- (1) Alexis Apartments, 180-190 Clementina Street, 206 total units operated by St. Patrick's Parish, including 90 units which are currently allocated City-funded rental subsidies.
- (2) Salvation Army Silver Crest Residence, 133 Shipley Street, 258 total units operated by the Salvation Army, including 124 units which are currently allocated City-funded rental subsidies.
- (3) Vicentian Villa, 1825 Mission Street, 124 total units operated by St. Vincent de Paul, including 66 units which are currently allocated City-funded rental subsidies.

Mr. Davis reports that rental subsidies provided by the City range from \$97 to \$287 per month. According to Mr. Davis, tenants in the three buildings are required to pay 30 percent of their gross income toward rent and that apartment units in these buildings cost between \$357 to \$475 per month. Mr. Davis reports that not all of the occupants of the three buildings require rental subsidies.

Budget:

The Attachment to this report, provided by Mr. Davis, is a budget for the rental subsidy program totalling \$3,238,718, showing an estimated schedule of payments for rental subsidies at each of the three residential apartment buildings over the five-year period. The estimated budget of \$3,238,718 is \$1,282 less than the proposed allocation of \$3,240,000 in Hotel Tax funds. Mr. Davis advises that any unspent monies allocated to the rental subsidy program will be carried forward to fund any future extensions of the program.

Comment:

The current legislation would also extend the existing provision that administrative costs for the rental subsidy program may not exceed 8 percent of total program costs. Under the proposed allocation of \$3,240,000 over a five-year period for the rental subsidy program, annual administrative costs would be limited to an average of no more than \$51,840 annually, or a total of \$259,200 over the five-year extension period. The attached budget estimates administrative costs at \$239,905 for the five-year period. According to Mr. Davis, administrative costs include the salary and fringe benefits of the Program Director of the rental subsidy program.

Recommendation: Approve the proposed ordinance.

RECAP OF CITY RENT SUPPLEMENT BUDGET

	JANUARY 1998	THRU	DECEMBER 2003
YEAR	VINCENTIAN VILLA	ALEXIS	SILVERCREST RESIDENCES
1	\$117,000	171,360	276,480
2	\$120,510	176,501	284,774
3	\$124,125	181,796	293,318
4	\$127,849	187,250	302,117
5	\$131,685	192,867	311,181
TOTAL	\$621,169	\$909,774	\$1,467,870

S.F.R.A ADM. FISCAL OVERSIGHT @ 8 %

\$239,905
OR

PER YR 47,981

RECAP

VINCENTIAN VILLA	1828 MISSION STREET (124 STUDIO UNITS)	TOTAL \$621,169
ALEXIS APARTMENT	380-390 CLEMETINA ST. (206 STU/ 1B.R ")	" \$909,774
SILVERCREST RESIDENCE	133 SHIPLEY ST. (258 STU/1 B.R ")	' \$1,467,870
SUB TOTAL (5 YR)		\$2,998,813
S.F.R.A ADM FISCAL OVERSIGHT		<u>239,905</u>
TOTAL		\$3,238,718

Items 2 and 3 - Files 101-97-35 and 102-97-11

Department: Department of Public Works (DPW)

Item: **Item 2, File 101-97-35:** Ordinance appropriating \$1,235,093 for permanent salaries, temporary salaries, fringe benefits, overtime, department overhead, division overhead, other current expenses, materials and supplies, equipment, and services of other departments for DPW to provide maintenance and repair services and custodial services at the new Civic Center Courthouse for the Trial Courts at 400 McAllister Street.

Item 3, File 102-97-11: Ordinance amending the FY 1997-98 Annual Salary Ordinance to reflect the creation of 14 new positions for the DPW.

Amount: \$1,235,093

Source of Funds: General Fund Reserve

Description: The Department of Public Works is requesting a supplemental appropriation (File 101-97-35), in the amount of \$1,235,093, to fund the creation of 14 new positions and related costs to provide maintenance and repair services and custodial services at the new Civic Center Courthouse for the Trial Courts.

The companion ordinance (File 102-97-11) would amend the FY 1997-98 Annual Salary Ordinance to add 14 new positions for the DPW.

Construction of the new Civic Center Courthouse was substantially completed on December 5, 1997, and the Courthouse opened for operations on December 9, 1997. The facility is a six-story building, housing 35 separate courtrooms, including 26 courtrooms for the Superior Court and nine courtrooms for the Municipal Court, with chambers, jury assembly areas, and administrative offices. The new Courthouse contains over 250,000 square feet of floor space with multiple systems for security, heating and ventilation, audio-visual, emergency power, fire protection, and lighting.

Memo to Finance Committee
December 17, 1997 Finance Committee Meeting

File 102-97-11 would amend the Annual Salary Ordinance to create 14 new positions, as follows:

<u>Positions</u>	<u>Class</u>	<u>Title</u>	Step 1 Biweekly- <u>Annual</u>	Step 5 Biweekly - <u>Annual</u>
1	7335	Senior Stationary Engineer	\$2,086-\$54,445	\$2,086-\$54,445
2	7334	Stationary Engineer	\$1,846-\$96,362	\$1,846-\$96,362
1	7345	Electrician	\$1,818-\$47,450	\$2,209-\$57,655
1	7347	Plumber	\$1,975-\$51,548	\$2,401-\$62,666
1	2716	Custodial Assistant Supervisor	\$1,235-\$32,234	\$1,495-\$39,020
8	2708	Custodian	\$1,123-\$234,480	\$1,359-\$283,760
		Subtotal - Salaries	\$516,519	\$593,908
		Fringe Benefits (24%)	123,965	142,538
14		Total	\$640,484	\$736,446

As shown above, the annual cost of the requested 14 new positions would range from \$640,484 at Step 1, including salaries of \$516,519 and fringe benefits of \$123,965, to \$736,446 at Step 5, including salaries of \$593,908 and fringe benefits of \$142,538.

In addition to the request for the 14 new permanent positions, the proposed supplemental appropriation ordinance would provide funding for the following 1.0059 FTEs for maintenance and repair responsibilities:

Part-Time			FY 97-98	Annualized
<u>FTEs</u>	<u>Class</u>	<u>Title</u>	<u>Amount</u>	<u>0</u>
0.0913	7311	Cement Mason	\$3,600	\$6,167
0.0457	7326	Glazier	\$2,053	\$3,513
0.1370	7342	Locksmith	\$6,159	\$10,546
0.0931	7344	Carpenter	\$4,106	\$6,898
0.0931	7346	Painter	\$3,724	\$6,256
0.1473	7348	Steamfitter	\$7,627	\$13,063
0.0457	7376	Sheet Metal Worker	\$2,377	\$4,067
0.2614	7510	Lighting Fixture Maintenance. Worker	\$6,783	\$11,628
<u>0.0913</u>	7514	Laborer	<u>\$2,968</u>	<u>\$5,084</u>
1.0059		Total	\$39,397	\$67,222

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to Finance Committee
December 17, 1997 Finance Committee Meeting

Budget: The budget for the requested supplemental appropriation, for the seven-month period of December 1, 1997, through June 30, 1998, is as follows:

Staff Positions (14 New Positions and 1.0059 additional FTEs)		
Salaries	\$292,027	
Overtime	25,814	
Premium Pay	16,169	
Temporary Salaries (2.42 FTEs)	69,850	\$403,860
Fringe Benefits @ 21.7 percent		87,476
Department Overhead		75,805
Division Overhead		163,361
Other Current Expenses		155,875
Materials and Supplies		103,799
Equipment		23,500
Services of Other Departments – Light, Heat, and Power		<u>221,417</u>
Total		\$1,235,093

An explanation for this \$1,235,093 request, including salaries for the period of December 1, 1997, through June 30, 1998, is as follows:

14 New Staff Positions, 1.0059 FTE Part-time Positions, and 2.42 FTE Temporary Salary Positions

Attachment 1, provided by DPW, contains a detailed explanation of the maintenance and repair and the custodial responsibilities and justification for each of the 14 new positions and the 1.0059 FTE part-time positions. The 2.42 FTE temporary positions would be used when the permanent staff are on vacation or sick leave.

Attachment 2, provided by DPW, contains the detailed funding requests for the permanent new positions, the part-time positions, the temporary salary positions, overtime, and premium pay. As noted in Attachment 1, all positions are budgeted at Step 5 because according to Mr. Cone "Stationary Engineers enter the City employment system at 5th step. Custodians assigned to the new Courthouse will come from permanent staff and will be generally at 5th step. Craft positions are assigned by the craft shops as required on a daily basis and the step level is usually at 5th step."

Department Overhead (\$75,805) and Division Overhead (\$163,361)

Department Overhead for the Bureau of Building Repair is calculated on the basis of 18.77 percent of direct labor costs, which as shown above are \$403,860, resulting in Department Overhead of \$75,805. Division (Bureau) Overhead for the Bureau of Building Repair is calculated on the basis of 40.45 percent of direct labor costs, resulting in Division Overhead of \$163,361. Division Overhead is greater than Department Overhead because Department Overhead is spread over a base of eight bureaus, including the Bureau of Building Repair.

Other Current Expenses (\$155,875)

Other Current Expenses for the Civic Center Courthouse are as follows:

Item	Amount
Scavenger Service	\$18,000
Cleaning of Carpets and Mats	1,000
Elevator Service	16,000
Fire Alarm Testing	6,000
Sprinkler and Standpipe Service	2,500
Permits (Hazardous Materials)	1,275
Pest Control	1,600
Sewer Service Charges	87,500
Insurance (Property Damage and Interruption of Use)*	<u>22,000</u>
Total	\$155,875

* According to Mr. Keith Grand, the City's Risk Manager, Property Damage and Interruption of Use insurance is required by the lease financing agreement between the City and the San Francisco Courthouse Corporation, which is the nonprofit agency that issued bonds to fund the cost of constructing the Civic Center Courthouse.

Materials and Supplies (\$103,799)

Attachment 1 includes a sample of materials and supplies required for maintenance and repair services and for custodial services. The sum of \$103,799 for Materials and Supplies was determined on the basis of materials and supplies used in comparable buildings.

Equipment (\$23,500)

Attachment 3, provided by DPW, contains a list of the equipment requested and the cost for each piece of equipment. Mr. John Cone of DPW's Bureau of Building Repair, states that the requested equipment is required to operate and provide maintenance for the Civic Center Courthouse.

Services of Other Departments – Light, Heat, and Power (\$221,417)

Funding for Light, Heat, and Power is to fund the cost of supplying the new Civic Center Courthouse with necessary electricity and heat.

Comments:

1. Trial Court Realignment

The proposed supplemental appropriation ordinance (File 101-97-35) would allocate the requested \$1,235,093 between projects for Courthouse Maintenance and Repair and Custodial Services, as follows:

Courthouse Maintenance and Repair	\$935,151
Custodial Services	<u>299,942</u>
Total	\$1,235,093

Chapter 850, Statutes of 1997 (AB 233) of the California State Government Code, substantially restructures State and local funding for local trial court operations. Essentially, Chapter 850 has reversed the funding roles for the State and local governments supporting trial court operations. Prior to the enactment of Chapter 850, the State funded a "capped" amount of the total trial court operation costs and local jurisdictions were required to fund any portion of court operation costs not covered by the State's subvention.

Beginning January 1, 1998, Chapter 850 requires counties to provide the same level of support to local trial courts as was provided in FY 1994-95 and the State to fund all qualifying court operation costs above the City and County's specified amount. Therefore, any increase in custodial services above the FY 1994-95 level is now a State responsibility. However, according to Chapter 850, facility maintenance and repair costs will remain a local responsibility.

For FY 1997-98, the City and County of San Francisco provides General Fund support to the Trial Courts in the approximate amount of \$37 million, which according to Mr. John Madden of the Controller's Office, exceeds the FY 1994-95 General Fund level by approximately \$3 million to \$7 million, depending on exactly how the provisions of Chapter 850 are interpreted. The exact amount will depend on the outcome of negotiations that are currently taking place between the State and county governments. According to Mr. Madden, as of January 1, 1998, the City and County can reduce the level of General Fund support of the Trial Courts to the FY 1994-95 level without affecting the amount of State Trial Court funding. Therefore, the \$3 million to \$7 million excess can be returned to the General Fund.

As previously stated, under Trial Court realignment, maintenance and repair services is strictly a City and County responsibility. We therefore recommend reducing the Trial Courts current General Fund support of approximately \$37 million by the amount of this supplemental appropriation request of \$935,151 for maintenance and repair, less recommended reductions of \$116,816 or to \$818,335, and transferring that sum to DPW to fund the facility maintenance portion of the DPW supplemental. The sum of \$818,335 is considerably less than the minimum amount of \$3 million that the City and County is expected to return to the General Fund from the existing Trial Courts budget, due to trial court realignment.

Since custodial services under Chapter 850 will be a State responsibility beginning on January 1, 1998, we recommend that no additional funds be provided to the Courts for these services. The Trial Courts should petition the State for these funds.

2. Attachment 4, provided by DPW, provides DPW's justification for requesting a total of 14 custodial positions, including one Custodial Assistant Supervisor, and 13 custodians for the new Courthouse (eight new Custodians

and one new Custodial Assistant Supervisor position requested in this proposed amendment to the ASO and the transfer of five existing custodial positions from 633 Folsom Street). According to Mr. Cone, the square footage recommended by national custodial organizations for buildings of approximately 250,000 square feet comparable to the City's new Courthouse is between 17,000 and 22,000 square feet per employee, per day. Mr. Cone reports that the staffing for the custodial services to be provided for the new Courthouse is based on 22,000 square feet per custodian, per day, which results in approximately 11 custodial positions ($250,000/22,000 = 11.36$). Mr. Cone reports that the two (13 less 11) additional custodial positions are required for special custodial projects, in addition to the regular custodial services required each day. However, the 633 Folsom Street building was serviced by five custodians. In the professional judgment of the Budget Analyst, the special custodial projects can be accomplished by 11 custodial positions and one Custodial Assistant Supervisor. Therefore the Budget Analyst recommends that the number of new custodian positions be reduced by two, from eight to six, resulting in a reduction of \$41,281 from the requested amount of \$299,942.

3. With respect to the Trial Courts request for the remaining 12 new permanent positions (14 requested less the two recommended reductions), we recommend that the proposed amendments to the ASO be approved to allow the Courts to use City services for these expanded programs. Beginning January 1, 1998, the recommended seven new custodial positions (six Custodian positions and one Custodial Assistant Supervisor position) would be funded by the State, and the five maintenance positions would be funded by the City.

4. Mr. Cone reports that staffing for maintenance and repair is based on building size, type of occupancy, and the number and complexity of the systems and equipment to be serviced. Mr. Cone has provided the following examples of the systems and equipment required to be serviced in the new Courthouse:

- 550 ton capacity chiller system
- 600 KW emergency generator
- Computerized building management system
- 260 variable air volume boxes with controls mounted in the ceilings
- 11 HVAC supply fans with variable frequency drives
- 17 exhaust fans with variable frequency drives
- 32 heating system circulating pumps
- 16 fan coil heat exchange units
- 35 wheelchair access lifts

5. Mr. Cone reports that the Bureau of Building Repair personnel who began working at the new Civic Center Courthouse as of December 9, 1997 are being funded out of the Bureau's existing FY 1997-98 General Fund appropriation, pending approval of this subject supplemental appropriation request, which would reimburse DPW for funds already incurred.

6. According to Mr. Ralph Leong of Hetch Hetchy, the estimated cost for providing electricity and heat to the Civic Center Courthouse for the remainder of FY 1997-98 is \$120,000 or \$101,417 less than the requested amount of \$221,417. Therefore, the requested sum of \$221,417 for Light, Heat, and Power can be reduced by \$101,417.

7. Mr. Cone reports that the request for maintenance and repair services equipment can be reduced by \$5,000, from \$23,500 to \$18,500 by eliminating miscellaneous software (\$1,000) and by reducing the request for bar coding equipment and software by \$4,000, from \$5,500 to \$1,500.

8. The amount currently requested for Materials and Supplies is \$103,799 or \$10,399 more than what is required. Therefore, the request for Materials and Supplies should be reduced by \$10,399, or to \$93,400.

Recommendations: 1. Reduce funding for Services of Other Departments - Light, Heat & Power by \$101,417, from \$221,417 to \$120,000, in accordance with Comment No. 6, above. The sum of \$101,417 would be a reduction to maintenance and repair services costs.

2. Reduce funding for Equipment by \$5,000, from \$23,500 to \$18,500, in accordance with Comment No. 7 above. The sum of \$5,000 would be a reduction to maintenance and repair services costs.

3. Reduce funding for Materials and Supplies by \$10,399, from \$103,799 to \$93,400, in accordance with Comment No. 8 above. The sum of \$10,399 would be a reduction to maintenance and repair services costs.

4. Reduce the number of new Custodian positions in the proposed amendment to the ASO (File 102-97-11) by two, from eight to six, and approve the proposed legislation, as amended.

5. With respect to Maintenance and Repair Services, prepare in and report out an appropriation ordinance rescinding \$818,335 from the Trial Courts FY 1997-98 budget for the purpose restoring the funding to the General Fund Reserve.

6. With respect to Custodial Services, prepare in and report out an appropriation ordinance rescinding \$258,661 (the requested amount of \$299,942 less salaries and fringe benefits for two custodial positions in the amount of \$41,281) for the purpose of restoring the funding to the General Fund Reserve.

7. Request the Trial Courts to seek funding for custodial services from the State.

Response of Department of Public Works

Mr. Cone has provided Attachment No. 5 which lists 11 major custodial responsibilities which he states will not be accomplished if the Board of Supervisors accepts our Recommendation No. 4 to reduce the number of custodial positions by two from eight to six. For example, Mr. Cone states "There will be no interior window washing."

City and County of San Francisco



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Department of Public Works
Bureau of Building Repair
2323 Cesar Chavez Street
San Francisco, CA 94124-1091

Willie Lewis Brown, Jr., Mayor
Mark A. Primeau, AIA, Director and City Architect

Raymond Zahnd, Superintendent

To: Stan Jones
Budget Analyst Office
Board of Supervisors

Date: Revised December 11, 1997

From: John W. Cone
Assist. Supt., BBR

Subj: New Courthouse
Supplemental Request

I have again reprised the answers to your questions regarding the new Civic Center Courthouse Supplemental Appropriation. Per your request, the information on new and existing positions has been broken into sections. Also included is a chart showing FTEs for the existing positions for this appropriation request and the 1998-99 fiscal year. And finally, temporary salaries are shown as hours and FTEs. Please let me know if I can help with any other information.

1. Outside Vendor contracts include:

- Scavenger Service – Golden Gate Disposal (franchise holder)
- Life/safety system testing – Simplex already has a one-year contract and the funding listed is for after hours emergency callbacks
- Sprinkler – This will be bid out
- Hazardous materials permits – issued by DPH for the State of California

2. The Trial Courts moved into the building this last weekend, December 6 and 7 and commenced business on Monday, December 8, 1998. Our staff has been at the Courthouse since October 27, 1997, beginning the commissioning and start up process.

3. The following are new positions:

Class	Class Title	Number
7335	Stationary Engineer	2
7334	Senior Stationary Engineer	1
2708	Custodian	8
2716	Custodial Assist. Supervisor	1
7345	Electrician	1
7347	Plumber	1
Total New Positions Requested		14

One (1) 7335 Senior Stationary Engineer – This position is the first line supervisor responsible for assigning work, repairs and creating schedules and setting up the computer-based facility maintenance program. This person will also be the prime

interface with tenants and will be responsible for ordering materials, supplies and requesting craft assistance.

Two (2) 7334 stationary Engineer – These positions will perform the regular preventive maintenance, minor repair and daily adjustments necessary. They gather information and make entries in the computer tracking system on a daily basis. Equipment that they perform maintenance and repair upon include: filter banks, supply fans, cooling tower, emergency generator, fire pumps, automatic doors, audio visual systems, lighting systems and others.

Eight (8) 2708 Custodian – These positions perform regular custodial service, cleaning offices, hallway, courtrooms, entry and restroom areas on regular schedules. Their work includes the removal of trash, cleaning of carpets, dusting, and washing hard and soft surfaces. Restroom maintenance includes the sanitizing and cleaning of surfaces in order to protect the health of tenants and the public.

One (1) 2716 Custodial Assistant Supervisor – This is the first line custodial supervisor responsible for assigning cleaning routes, ordering materials and supplies and making daily inspections.

One (1) 7345 Electrician - This position will perform regular electrical maintenance on all systems including HVAC controls, motors (including variable frequency drives), lighting, audio-visual and security. In addition, he/she will trouble shoot and repair problems as they arise.

One (1) 7347 Plumber – The Plumber Position performs regular maintenance on vertical sewer stacks and laterals serving the building to prevent clogging and sewage back ups into the facility. Regular repair to restroom fixtures and appliances is performed to repair leaks, vandalism, and wear and tear. In addition, the plumber does inspections of riser systems, annual backflow device certification, heating system and domestic hot water repair and maintenance and piping associated with the emergency diesel generator fuel system.

4. The following are existing positions that are funded within the Supplemental Appropriation Request:

Class	Class Name	Hours/Supp	FTE/Supp	Hrs/1998-99	FTE/98-99
7311	Cement Mason	160	0.0913	274	0.1564
7326	Glazier	80	0.0457	137	0.0782
7342	Locksmith	240	0.1370	411	0.2346
7344	Carpenter	160	0.0931	274	0.1564
7346	Painter	160	0.0931	274	0.1564
7348	Steamfitter	258	0.1473	442	0.2523
7376	Sheet Metal	80	0.0457	137	0.0782
7510	Light Fixture Maint	458	0.2614	785	0.4481
7514	Laborer	160	0.0913	274	0.1564
	Total FTEs	1756	1.0059	3008	1.717

7311 Cement Mason – This position will perform as needed repairs to damages caused by vandalism or deterioration to cement, stucco and stone finishes, including limestone repair, bathroom tile repair, stone resetting, curb repair, and maintenance of 32 space basement garage and exposed columns.

7326 Glazier - Repairs and replaces broken window glass, door glass, directory glass and fire extinguisher cabinet glass due to inclement weather and vandalism.

7342 Locksmith – This funds semi-annual lock changes and re-keying, key coping, door hardware repair and adjustment, door closure adjustment and repair, panic bar repair and adjustment and card reader system maintenance repair and changes.

7344 Carpenter – Carpenter funding covers repairs to walls, ceiling, furniture and bookcases due to vandalism and repair to the 260 VAV (HVAC system components) boxes located above the ceilings.

7346 Painter – An as-needed painter will perform woodwork veneer touch up matching the color and performing other maintenance on the \$5 million of mill work throughout the building. Other duties include graffiti removal and paint touch up in public and private areas.

7348 Steamfitter – Steamfitters will repair and do maintenance on the hot water space heating system and controls and connections to the Steam supply heat exchanger and vault.

7376 Sheet Metal Worker – This position will perform as-needed repairs to roll-up doors, fire doors, vents, HVAC ductwork and sidewalk bollards.

7510 Light Fixture Maintenance Worker – On a regular schedule, this position changes burned out area lighting, cleans fixtures, and replaces broken diffusers. Also performed is annual or semi-annual light fixture cleaning and bulb changes in high locations utilizing lifts or scaffolding.

7514 laborer – This position performs ancillary work with other crafts (listed above) resulting in less costly repairs. Other general heavy clean up will also be performed as needed.

5. The following are funded from Temporary Funds in the Supplemental Appropriation request:

2708	Custodian	2,868	1.64	36,818
2716	Cust. Assist. Sup.	256	0.15	4,730
7334	Stationary Engineer	536	0.31	12,412
7335	Sen. Stat. Engineer	268	0.15	7,015

7345	Electrician	184	0.10	5,001
7347	Plumber	131	0.07	3,874
Temporary Sal. Totals		4,243	2.42	69,850

6. Standby pay is not included in this Appropriation Request. The funds listed are

Premium pay for the following classes:

2716 janitorial Assistant Supervisor	1021 hours = \$1,509
2708 Custodian	2607 hours = \$14,000
7334 Stationary Engineer	393 hours = \$660

7. The Mandatory Fringe Benefit percentage should be corrected to reflect actual need.

8. All positions are at 5th step because:

Stationary Engineers enter the City employment system at 5th step. Custodians assigned to the new Courthouse will come from permanent staff and will be generally at 5th step. Craft positions are assigned by the craft shops as required on a daily basis and the step level is usually at 5th step.

9. A sampling of materials and supplies are:

Maintenance and Operation:

- Diesel fuel
- Electrical ballasts
- Light bulbs
- Spare fire alarm parts
- Flags
- Ladders
- Toilet and flushometer parts
- Keys and key hardware
- HVAC filters both bag and pleated
- Office supplies
- Gloves
- First aid supplies
- Hazardous materials storage cabinet
- Hand tools

Custodial:

- All purpose cleaners
- Dust cloths
- Mop heads, handles and frames
- Floor finish sealer
- Floor stripper
- Hand soap
- Plastic garbage liners
- Garbage cans
- Toilet tissue
- Seat cover protectors

Paper towels
Furniture polish
Mop buckets and wringers

9. The basis for position count in regard to custodial positions is square footage. The footage recommended by national custodial organizations for this type of building and occupancy load is between 17,000 and 22,000 square feet per person per day. The position counts reflects a workload of 22,000 square feet per day.

The position count for Stationary Engineering staff and craft position staffing was set by building size, occupancy, the number and complexity of systems serviced. An example of the systems serviced include:

- 550 tons capacity chiller system
- 600 KW emergency generator
- Computerized building management system
- 260 variable air volume boxes with controls mounted in the ceilings
- 11 HVAC supply fans with variable frequency drives
- 17 exhaust fans with variable frequency drives
- 32 heating system circulating pumps
- 16 fan coil heat exchange units
- 35 wheelchair access lifts

10. Currently, BBR personnel working at the new Civic Center Courthouse are being funded out of this year's General Fund appropriation pending the passing of the Supplemental Appropriation request. If the Appropriation were reduced and service continued at all General Fund locations, a layoff of personnel would occur equal to the reduction of the Appropriation.

C: M. deVaughn - DDO, DPW
T. Olson - OFFMA
G. Bailey - BBR
C. LaMar - BBR

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[illegible]

City and County of San Francisco



Willie Lewis Brown, Jr., Mayor
Mark A. Primeau, AIA, Director and City Architect



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Department of Public Works
Bureau of Building Repair
2323 Cesar Chavez Street
San Francisco, CA 94124-1091

Raymond Zahnd, Superintendent

To: Stan Jones
Budget Analyst Office

Date: December 10, 1997

From: John W. Cone *J.W.C.*
Assist. Supt., BBR

Subj: New Civic Center
Courthouse Staffing

Custodial staffing levels for the Trial Courts at the new Civic Center Courthouse differ from 633 Folsom Street. Five (5) 2708 Custodians served the Trial Courts at 633 Folsom while thirteen (13) 2708 Custodians and one (1) 2716 Assist. Supervisor are handling the janitorial needs at the new Courthouse on McAllister Street. The reasons for the differences are:

1. The new building is a substantially larger facility, 230,000 square feet as opposed to 125,000 square feet occupied by the courts at 633 Folsom Street.
2. The new building makes extensive use of cherry veneer, wood paneling and wooden doors, which require additional cleaning, oiling and polishing. Wood paneling is primarily limited to the Judges benches at 633 Folsom.
3. We will have to maintain large areas of terrazzo, marble and limestone flooring along with carpet at the new Court. Court areas at 633 are carpeted.
4. Fabric wall coverings are used in courtrooms at the new court building, requiring special care. None are used at 633 Folsom.
5. There are six (6) passenger elevators to clean and detail daily at the new building while there are only three (3) at 633 Folsom.
6. There is an underground parking garage and sally port to clean at the new facility. The parking area at 633 Folsom is privately operated.
7. We are responsible for window washing including skylights and rotunda glass and window covering cleaning at the new Courthouse while the building owner was responsible for these items at 633 Folsom.
8. There is a food service area at the Courthouse while there was none at 633 Folsom.
9. There are Sheriff's Office locker rooms for male and female deputies in the new facility. There are none at Folsom.
10. The judges have a locker and shower room at the new building. There were none at 633 Folsom.
11. We are responsible for the pressure washing of sidewalks at the new building unlike 633 Folsom where no outside areas were our responsibility.

C: C. LaMar
G. Bailey

file: m:\wpdata\CourthouseBudgetQuest3.doc

City and County of San Francisco



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Raymond Zahnd, Superintendent

To: Stan Jones
Budget Analyst Office

Date: December 12, 1997

From: John W. Cone *John W. Cone*
Assist. Supt., BBRSubj: Impact of the Proposed
Cuts to Custodial Service
At the Civic Center
Courthouse

After considering your verbal recommendation to reduce the new Courthouse Custodial Service levels, I don't believe that you have sufficient information on the impact of your proposed reduction. I am therefore, listing below some of the negative results this cut would have on the facility, the public and the Court employees.

If the staffing levels for Custodial Service at the new Civic Center Courthouse are cut from thirteen (13) positions to eleven (11), certain project and periodic work will not be done. This will impact the appearance, life span and costs for maintaining this facility.

The Custodial Service cuts will include:

1. There will be no cleaning, oiling and polishing of the \$5,000,000 of cherry veneer millwork throughout the building. Without regular service the extensive woodwork will crack, check and splinter requiring replacement.
2. There will be no interior window washing
3. There will be no monthly pressure washing of adjacent sidewalks to remove dirt, chewing gum and graffiti.
4. Courtroom fabric wall coverings will not be vacuumed, spotted or cleaned. Deterioration will be accelerated and replacement will be required much sooner.
5. Stripping and waxing of marble and terrazzo floors will not be done semi-annually.
6. Wastebaskets and rubbish containers will not be washed quarterly
7. Pay telephones will not be cleaned and disinfected quarterly.
8. Door hardware, railings and metal trim will not be cleaned and polished quarterly.

9. Restroom floors and cove base will not be power scrubbed monthly.
10. Elevator doors, panels and walls will not receive detailing and polishing each week.
11. High and low office dusting every two weeks will not take place.

The total financial impact is uncertain but deterioration of building appurtenances and finishes due to deferred cleaning and maintenance will increase repair costs by tens of thousands of dollars for millwork alone within two years. General appearance of the interior of this new facility will degenerate quickly especially in the public areas lowering the public and employee quality of life in a new and initially beautiful facility.

I respectfully suggest that your proposed cuts will cost the taxpayer more money than would be saved.

C: T. Olson – DPW, OFFMA
A. Carlson – Trial Courts

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Items 4 and 5 - Files 101-97-49 and 102-97-17

Department: Sheriff's Department

Item: **Item 4, File 101-97-49:** Ordinance appropriating \$261,238 for permanent salaries, fringe benefits, overtime, premium pay, and holiday pay for the Sheriff's Department to fund 10 new permanent positions to provide security at the new Civic Center Courthouse for the Trial Courts at 400 McAllister Street.

Item 5, File 102-97-17: Ordinance amending the FY 1997-98 Annual Salary Ordinance (ASO) to reflect the creation of 10 new positions for the Sheriff's Department.

Amount: \$261,238

Source of Funds: General Fund Reserve

Description: The Sheriff's Department is requesting a supplemental appropriation (File 101-97-49), in the amount of \$261,238 to fund the creation of 10 new positions and related costs to provide security at the new Civic Center Courthouse for the Trial Courts for the period of December 5, 1997, through June 30, 1998.

The companion ordinance (File 102-97-17) would amend the FY 1997-98 Annual Salary Ordinance to add 10 new positions for the Sheriff.

The new Civic Center Courthouse was substantially completed on December 5, 1997, and opened for operation on December 9, 1997. The facility is a six-story building with cameras throughout the building, duress alarms in the 35 courtrooms, chambers¹ and public contact offices. The Courthouse also contains enhanced life safety alert systems which provide warnings of potentially dangerous situations.

¹Chambers is place where a judge hears matters not requiring action in open court.

Memo to Finance Committee
December 17, 1997 Finance Committee Meeting

File 102-97-17 would amend the Annual Salary Ordinance to create 10 new positions, as follows:

<u>Positions</u>	<u>Class</u>	<u>Title</u>	Step 1 Biweekly- Annual	Step 5 Biweekly - Annual
5	8274	Police Cadet	\$820-\$107,010	\$992-\$129,456
4	8304	Deputy Sheriff	\$1,513-\$157,957	\$1,835-\$191,574
<u>1</u>	8306	Sr. Deputy Sheriff	<u>\$1,674</u> - <u>\$43,691</u>	<u>\$2,033</u> - <u>\$53,061</u>
10	Subtotal	Salaries	\$308,658	\$374,091
		Fringe Benefits	112,352	136,170
	Total		\$421,010	\$510,261

As shown above, the annual cost of the requested 10 new security positions would range from \$421,010 at Step 1, including salaries of \$308,658 and fringe benefits of \$112,352, to \$510,261 at Step 5, including salaries of \$374,091 and fringe benefits of \$136,170.

Budget:

The budget for the requested supplemental appropriation, for the seven-month period of December 5, 1997, through June 30, 1998, is as follows:

Staff Positions (10 New Positions)

Salaries	\$171,400
Overtime	12,942
Premium Pay	3,548
Holiday Pay	3,560
Fringe Benefits @ 36.4 percent	<u>69,788</u>

Total \$261,238

Comments:

1. According to Sergeant Edwin James of the Sheriff's Department, the Sheriff's Department intends to augment the 10 new positions with six additional existing positions to staff the new Courthouse, for a total of 16 positions.

2. As shown in the Attachment provided by Sergeant James, a total of 40 weekday security shifts and four weekend security shifts are required to staff the security posts, which equates to a staffing requirement of nine staffpersons, including regular day-off coverage but not including coverage for breaks, meals, vacation, holidays, and sick leave. According to our calculations, the Sheriff's Department should be able to achieve adequate security coverage with one Sr. Deputy Sheriff and a mix of 13 Deputy Sheriffs and Police Cadets or a total of 14 positions which is two less than the planned 16 positions (10 new plus six existing). Therefore we are recommending that the position request of 10 new positions be reduced by a total of two positions including one Deputy Sheriff position and one Police Cadet position, or by a

total of \$43,959, including \$32,228 in salaries and \$11,731 in fringe benefits.

4. Mr. Alan Carlson of the Trial Courts reports that the subject request of \$261,238 will support the cost of ten new Sheriff staff from December 5, 1997, the date of the Trial Courts relocation to the new Courthouse, through June 30, 1998.

5. Trial Court Realignment

Chapter 850, Statutes of 1997 (AB 233) of the California State Government Code, substantially restructures State and local funding for local trial court operations. Essentially, Chapter 850 has reversed the funding roles for the State and local governments supporting trial court operations. Prior to the enactment of Chapter 850, the State funded a "capped" amount of the total trial court operation costs and local jurisdictions were required to fund any portion of court operation costs not covered by the State's subvention.

Beginning January 1, 1998, Chapter 850 requires counties to provide the same level of support to local trial courts as was provided in FY 1994-95 and the State to fund all qualifying court operation costs above the City and County's specified amount. Therefore, any increase in security services above the FY 1994-95 level is now a State responsibility.

Since security services under Chapter 850 will be a State responsibility beginning on January 1, 1998, we recommend that no additional General Fund monies be provided to the Courts for these services. The Trial Courts should petition the State for these funds.

- Recommendations:**
1. Amend the supplemental appropriation ordinance (File 101-97-49) by reducing the amount for salaries by \$32,228, from \$171,400 to \$139,172, and by reducing the amount for fringe benefits by \$11,731, from \$69,788 to \$58,057, for a total reduction of \$43,959.
 2. Amend the proposed amendment to the Annual Salary Ordinance (File 102-97-17) by reducing the number of Sheriff Deputies by one, from four to three, and by reducing the number of Police Cadets by one, from five to four.

3. Prepare in and report out an appropriation ordinance rescinding \$217,279 (the requested sum of \$261,238 less recommended reductions of \$43,959) from the Trial Courts FY 1997-98 budget for the purpose of restoring the funding to the General Fund Reserve.

4. Request the Trial Courts to seek funding for security services from the State.

OFFICE OF THE SHERIFF*Scheduling Plan*

MONDAY THRU FRIDAY

0600-1500 hrs.

1 Deputy

(Front Entrance)

1 Cadet

(Control Room)

0700-1600 hrs.

1 Cadet

(Front Entrance-Metal
Detector)

0800-1700 hrs.

1 Senior Deputy

(Supervisor)

1 Deputy

(Front Entrance)

1 Cadet

(Front Entrance-Metal
Detector)

1100-2000 hrs.

1 Deputy

(Front Entrance)

1 Cadet

(Control Room)

8 shifts per weekday; 40 weekday shifts per week

SATURDAY AND SUNDAY

1 Deputy

(Patrol)

1 Cadet

(Control Room)

2 shifts per weekend day; 4 weekend shifts per week

40 weekday shifts

4 weekend shifts

44 total shifts per week

divided by 5 shifts per employeeequals approx. 9 employees, not including breaks, meals, vacations, sick leave and holidays.

Memo to Finance Committee
December 17, 1997 Finance Committee Meeting

Items 6 and 7 - Files 101-97-39 and 102-97-14

Items: Supplemental Appropriation and amendment to the Annual Salary Ordinance in the amount of \$11,232,380 to fund implementation of Welfare Reform Programs, expansion of Adoption and Homeless Programs and improvement of Department of Human Services facilities and for the creation of 277 new positions and deletion of 149 positions.

Source of Funds: New State and Federal Revenues	\$ 5,237,738
Prior Year Closeouts of Welfare Administration Funds *	<u>5,994,642</u>
Total	\$ 11,232,380

* Unspent State funds from prior years that the State Department of Social Services allocates to County programs.

Requested Supplemental Expenditure Appropriations by Program:

CalWORKS (to be combined with AFDC)	\$5,526,682
General Assistance	673,399
Family & Children Services	517,376
Homeless Services	1,152,778
Administration	3,829,904
Program Support	316,306
Food Stamps	(207,025)
Employment & Training Services	(877,040)
Adult Services	<u>300,000</u>
Total	\$11,232,380

Description by Program

Program: *CalWORKS Program - \$ 5,526,682*

To comply with State law, DHS must implement the new CalWORKs program no later than April 10, 1998. CalWORKs is the State of California's program for implementation of welfare reform and replaces the AFDC and GAIN programs. CalWORKs establishes new eligibility requirements, time limits for participation and work participation requirements. The current AFDC population of approximately 9,500 cases must be enrolled into CalWORKs by December 31, 1998. In order to have staff ready to work on April 1, DHS plans to hire on March 1, 1998 and provide them with one month of training.

With the approval of the Department of Human Resources, DHS proposes to create a new civil service classification series, called "Employment Specialists." The Employment Specialists will serve as the primary case managers for CalWORKs recipients, performing the work of current Eligibility Workers and GAIN Social

Workers, as well as new functions required under the new State and Federal welfare laws.

Citing national research suggesting that case managers must have smaller caseloads in order to provide adequate assistance to clients transitioning from welfare to work, DHS. plans to have each Employment Specialist handle a caseload of 60 clients. The current AFDC Eligibility Worker handles 150 cases and the GAIN Social Worker manages 80 cases. Consequently, DHS is requesting to add additional staff to CalWORKs on an annualized basis. While 57 positions are being abolished from the Eligibility Worker series, 158 new positions would be added for the new Employment Specialist series. This increase is due to the proposed increase in staffing.

DHS also proposes 14 new Public Service Trainee jobs that are designed to give clients paid work experience in the public sector. With this increase in staff, DHS expects to help clients transition into more stable work, thus reducing the need for public assistance in the long term.

In response to input from the community and national research, DHS proposes to help clients overcome barriers to employment. By including a number of support services for clients including the following:

- Approximately \$1.6 million in additional revenues from the State for child care would be used to subsidize additional child care slots for families that are in CalWORKs or who have recently exited CalWORKs due to increased employment and earnings.
- DHS proposes to have Mental Health and Substance Abuse counselors located at 170 Otis Street and at the new career centers. The State has allocated \$382,051 for substance abuse and mental health services.
- MUNI has agreed to give DHS fast passes, at no additional cost, to distribute to clients in welfare-to-work programs. In response to MUNI's concerns, DHS will establish a procedure to ensure that fast passes are used only by clients and not sold on the black market.
- DHS proposes to increase its budget for ancillary purchases to help clients get a job. Ancillary purchases include items such as interview clothes, union dues, tools or books.
- Because DHS underestimated the number of immigrants that would lose food stamps, DHS proposes to further augment this contract by an additional \$83,258 in order to provide adequate food resources for the 3,264 immigrants that have lost their eligibility for food stamps.

Based on the advice of the Mayor's Welfare Reform Task Force and testimony at the DHS Commission, DHS proposes to establish two contracts with community based organizations for client advocates and an ombudsperson. One contract will fund four current or former clients to serve as advocates for CalWORKs clients who will provide advice, assistance and support to clients who want help working with DHS to

develop their case plan. The other contract for an ombudsperson will act as a neutral party to resolve complaints or disputes regarding the CalWORKs program and will be expected to identify areas of the program that need to be changed or improved.

Vocational Training, Work for Wages, Community Service

DHS proposes creation of new opportunities to ease the clients' transition to the workforce as follows:

- DHS assumes that many of their clients will also be able to access existing training offered through the Private Industry Council or the Department of Labor. The funds included in this request assumes that DHS will have to pay for 50% of the client training slots that clients will be referred to.
- With the support of the Irvine Foundation, the DHS plans to create a small "work for wages" program. Rather than receiving their AFDC grant, 100 CalWORKs clients would work in a supportive environment for a six month period and earn the minimum wage, allowing them to receive the Earned Income Tax Credit.
- This year, DHS proposes to sponsor a Community Service Needs Assessment to identify which governmental or non-profit sectors would benefit from community service jobs. In subsequent years, DHS projects the need to support a community service program in order to provide an opportunity to perform work activities to clients who have not found an unsubsidized job so that they may remain eligible for their grant.

DHS proposes a variety of services from consultants to help identify needs and implement new programs. These services include technical assistance for child care, a forecast of future jobs and workforce skills in San Francisco, and assistance with outreach and media campaigns to inform the community of the changes taking place in all of DHS' programs.

A new component of CalWORKs activities will include home visits for particular clients. For example if a client misses a meeting with their Employment Specialist, DHS will conduct a home visit to help identify the reason the client was not able to comply with the welfare to work plan. In order to perform such home visits, DHS proposes to purchase six additional county cars as well as additional fast passes for staff. DHS expects that public service trainees (all of whom would be current or former clients) will be performing many of the home visits.

The proposed expenditures for this expansion of the CalWORKS Program are detailed on the following page.

CalWORKS Program Expenditure Request

Description	Amount
<u>Personal Services</u>	
Permanent Salaries	\$ 1,844,532
<i>Create 178 positions (55.24 FTE)</i>	<i>2,709,863</i>
<i>Remove 57 positions (17.69 FTE)</i>	<i>(865,331)</i>
<u>Mandatory Fringe Benefits</u>	
Mandatory Fringe Benefits	462,978
<i>(estimated at 25.1% of permanent salaries)</i>	
<u>Non Personal Services</u>	
Professional and Specialized Services	27,500
<i>Media & pamphlets, BASSC regional campaign</i>	<i>10,000</i>
<i>Tech. Assistance</i>	<i>17,500</i>
Social Services Contracts	1,066,758
<i>Client advocates (4)</i>	<i>50,000</i>
<i>Ombudsperson</i>	<i>20,000</i>
<i>Vocational training slots for clients</i>	<i>750,000</i>
<i>Work-for-Wages</i>	<i>37,000</i>
<i>Food Bank/Immigrant food</i>	<i>83,258</i>
<i>Economic Development Law Center</i>	<i>3,500</i>
<i>Community Service--Needs Assessment</i>	<i>50,000</i>
<i>Economic Jobs Forecasting</i>	<i>73,000</i>
Other Current Expenses	3,360
<i>Fast passes for staff home visits</i>	
Day Care Assistance	
<i>Additional child care revenue from the State</i>	<i>1,572,685</i>
GAIN Ancillary Services	
<i>Ancillary Services</i>	<i>82,818</i>
<u>Capital Outlay</u>	
Equipment	84,000
<i>Add 6 automobiles for home visits</i>	
<u>Services of Other Departments</u>	
GF Mental Health (AAO)	<u>382,051</u>
<i>Substance abuse / mental health</i>	
Total Requested	\$5,526,682

Program: *General Assistance* \$673,399

Work Public Assistance Employment Services (PAES)

DHS is proposing significant changes to the General Assistance Program. The major component of the change is the creation of a new Work PAES (Public Assistance Employment Services) division of the program. Clients that are employable and who have successfully completed three months of workfare activities will be referred to Work PAES for extensive employment assistance services, similar to those that will be available to CalWORKs clients. DHS plans to begin operation of this new unit in May, 1998. The DHS' description of the components of the new service include:

- The creation of units of Employment Specialists, similar to the CalWORKs units. These units will carry caseloads of 60 clients and act as the case managers for the clients. There will be a net increase of 34 positions on an annualized basis. This includes six Public Service Trainee positions for GA clients to assist the Employment Specialists.
- Through the Department of Public Health, hire a psychologist for the triage unit, which performs employability assessments. The psychologist will help evaluate clients' suitability for work.
- Through DPH, hire one substance abuse specialist and one mental health specialist to assist staff in developing welfare-to-work plans for clients. DHS plans to include funds in next year's budget for mental health and substance abuse treatment slots.
- Initiate contracts with community based organizations for one client advocate and one ombudsperson. These will serve the same purpose as the ones in the CalWORKs program.
- In the next budget year, provide fast passes to clients in welfare to work activities (contributed by MUNI) and ancillary purchases, including interview clothes, tools, books, etc.
- Creation of 50 paid WEP (Work Experience Program) slots in other city departments for GA clients to gain on the job experience to help them qualify for city jobs. Next year DHS also plans to introduce a Skilled Workshop program for persons who need additional skill training before entering the labor force.
- At the end of the budget year, DHS plans to create an additional Success Center that will have capacity for GA clients that could benefit from the basic job skills training and job search assistance it provides.

Proposed expenditures for the General Assistance Program are detailed below:

General Assistance Program Expenditure Request

Description	Amount
Personal Services	
Permanent Salaries	\$ 407,146
Create 70 positions (11.52 FTE)	531,912
Abolish 11 Positions (2.57 FTE)	(124,766)
Mandatory Fringe Benefits	
Mandatory Fringe Benefits (estimated at 25.1% of permanent salaries)	102,194
Non Personal Services	
Social Service Contracts	15,000
Client Advocate	5,000
Ombudsperson	10,000
Services of Other Depts	149,059
Misc. Department (AAO)	
WEP Slots	102,725
GF-Mental Health	
Psychologist--Triage	17,667
Substance Abuse/Mental Health	28,667
Total Requested	\$ 673,399

Program: *Family and Childrens Services - \$517,376*

Adoptions

To comply with the Governor's Adoption Initiative, DHS proposes to meet a targeted number of adoptive placements in order to maintain its current allocation of adoptions. DHS' target is 171 placements per year. Currently, DHS states that they place approximately 100 adoptions per year with a staff of six child welfare workers. DHS estimates a need of three additional line staff and one supervisor to meet the state target. These costs are fully covered by increased state revenues.

Family Resource Centers

As part of the department's Family Preservation and Support Plan, DHS has funded a number of family resource centers. With the implementation of welfare reform, DHS anticipates a greater need of family preservation services from the family

resource centers. Funding would be used to expand the capacity of the centers and provide a services at each center including: family counseling, couples therapy, parenting support, respite and after-school support, budget management, life skills, violence prevention, substance abuse services and co-dependency counseling.

Family and Childrens Services Program Expenditure Request

Description	Amount
Personal Services	
Permanent Salaries	\$96,703
<i>Add 6 positions (2.78 FTE)</i>	<i>96,703</i>
Mandatory Fringe Benefits	
Mandatory Fringe Benefits <i>(estimated at 25.1% of permanent salaries)</i>	24,273
Non Personal Services	
Social Service Contracts	396,400
<i>Family Resource Centers</i>	<i>396,400</i>
Total Requested	\$517,376

Program: *Homeless Program - \$1,152,778*

DHS proposes to expand services for homeless adults and families in a variety of programs during the winter months and provide more transitional housing opportunities.

- 267 additional beds for single adults and 70 beds for families are proposed. DHS also proposes to increase the number of congregation sites providing emergency shelter beds for single adults to add an additional 60-100 beds through the San Francisco Interfaith Council.
- DHS proposes funding for operating costs for a new 200 bed winter shelter facility.
- DHS is proposing a supportive services hotel program to provide housing for the very low income (including GA and SSI recipients) who are currently housed in shelters. This new program will transform 100 units on the private market into supportive housing with multi-disciplinary services.
- Through the Mission Housing Development Corporation, DHS proposes to fund three tenant coordinators for the Valencia Gardens Supportive Housing program for planning the implementation of a proposed grant program. The coordinators

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will work with the families in residence to educate and involve them in the planning and design process and to provide an array of supportive services.

- Connecting Point, the centralized intake program for families seeking emergency shelter in San Francisco, has experienced a 25% increase in crisis calls according to DHS and currently has a waiting list of 48 families approved for shelter. In order to reduce the demands on shelter beds in the City, DHS proposes to expand bilingual capacity and add a prevention case manager to work with families who may be able to avoid emergency shelter.
- In order to maintain the shelter beds for up to 80 families annually in the Compass Family Center, DHS proposes to pay their increased rental costs at a new location that is necessitated due to the loss of their lease.

The details of the proposed increased expenditures are shown in the table below.

Homeless Program Expenditure Request

Description	Amount
Personal Services	
Permanent Salaries	\$ 20,063
<i>Add 2 positions (0.43 FTE)</i>	<i>\$ 20,063</i>
Mandatory Fringe Benefits	
Mandatory Fringe Benefits	5,036
<i>(estimated at 25.1% of permanent salaries)</i>	
Non Personal Services	
Social Services Contracts	1,127,679
<i>Valencia Gardens Permanent Housing</i>	<i>58,333</i>
<i>Ensuring Access to Shelter for Homeless</i>	<i>55,752</i>
<i>Maintaining Existing Shelter Beds</i>	<i>62,000</i>
<i>New Homeless Beds</i>	<i>951,594</i>
Total Requested	\$ 1,152,778

Program: *Administration and Program Support \$4,146,210*

Support Staff

According to DHS, the changes and expansions of direct service programs will place additional demands on their administrative and support staff. DHS is requesting 21 additional staff in the following areas:

- Information Technology
- Personnel
- Staff Development
- Support Services (mail room, supply room, facilities maintenance)
- Welfare Reform Planning
- Security and Janitorial contracts

Operating Costs

In addition to staff, DHS is requesting a number of increases in their budget to accommodate the increased staff. These costs include:

- Purchasing specialized training seminars for staff making the transition to CalWORKs or Work PAES (\$10,000).
- Two station wagons for mail and supply runs between all facilities (\$50,000)
- Furniture, equipment and wiring to prepare new sites
- Furniture and equipment to outfit proposed new staff (in all programs)
- Additional computers for all CalWORKs and Work PAES staff so that each person will have access to a program that will manage employment services information.
- Funds to improve communication through community events and newsletters (\$18,000).
- Funds to attend State and national conferences about the best practices in implementing welfare reform (\$10,000).

In addition, DHS has identified a number of areas where facilities and equipment are deteriorating or inadequate to meet the changing needs of their programs. In addition, DHS believes it is a prudent fiscal decision to use some of the one-time revenues from the State to pay for one-time infrastructure improvements. The following are "examples" of the type of improvements DHS is proposing:

- Creating additional large meeting rooms on the first floor of 170 Otis and 1235 Mission in order to meet with CalWORKs and Work PAES clients in groups.
- Installing partitions on the second and third floors of 170 Otis in order to make better use of the space. DHS will be able to accommodate more staff on these floors with the partitions.
- Tenant improvements to the newly acquired career centers in the community.

- Remodeling 1440 Harrison Street to accommodate the Medi-Cal program that will be moving in.
- Purchasing ergonomic chairs and furniture for staff who do not currently have them.

The Budget Analyst notes that a detailed program for capital acquisition and improvements has not been approved by the Capital Improvement Advisory Committee (CIAC). The CIAC will not meet on these proposals until January 9, 1998.

Administration Expenditure Request

<u>Description</u>	<u>Amount</u>
Personal Services	
Permanent Salaries	\$ 336,782
<i>Create 20 positions (8.34 FTE)</i>	<i>\$ 336,782</i>
Mandatory Fringe Benefits	
Mandatory Fringe Benefits	84,532
<i>(estimated at 25.1% of permanent salaries)</i>	
Non Personal Services	
Travel	10,000
<i>Travel (Department wide)</i>	
Professional and Specialized Services	152,983
<i>Security Contract</i>	<i>123,383</i>
<i>Exam Costs</i>	<i>11,600</i>
<i>Internal newsletter publication</i>	<i>15,000</i>
<i>External newsletter quarterly</i>	<i>3,000</i>
Social Service Contracts	
Outreach/Community Events	20,000
Other Current Expenses	21,760
<i>Photocopy Leases (Dept. Wide)</i>	<i>21,760</i>
Materials and Supplies	
Materials and Supplies	944,120
<i>Furniture All New Employees</i>	<i>565,936</i>
<i>Furniture Requests Old Employees</i>	<i>378,184</i>

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Administration Expenditure Request (Continued)

Capital Outlay

Equipment Purchase		2,174,727
<i>Computer Equipment</i>	1,179,637	
Automotive & Other Vehicles		
<i>2 station wagons or minivans</i>	50,000	
Facilities Maintenance Projects		
<i>All Construction Projects</i>	945,090	

Services of Other Depts

		85,000
GF-Real Estate Services (AAO)		
<i>Increased Workorder for additional space</i>	60,000	
GF-Building Repair (AAO)		
<i>Janitorial Workorder</i>	25,000	

Total Requested		\$ 3,829,904
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Program Support Expenditure Request

<u>Description</u>	<u>Amount</u>
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Personal Services

Permanent Salaries	\$ 20,594
<i>Create 1 position (0.46 FTE)</i>	\$ 20,594

Mandatory Fringe Benefits

Mandatory Fringe Benefits	5,169
<i>(estimated at 25.1% of permanent salaries)</i>	

Non Personal Services

Training	268,493
<i>All DHS Training</i>	268,493
Equipment	22,050
<i>Training and Dev. Equipment and Materials</i>	22,050

Total Requested		\$ 316,306
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Program: *Employment and Training Services*

DHS proposes reductions to the Employment and Training Services Program as detailed below to partially offset increases in other programs.

Proposed Reductions to Employment and Training Services Program

Description	Amount
Personal Services	
Permanent Salaries	\$ (701,071)
Remove 15.02 FTE 2912 Senior Social Worker	\$ (490,312)
Remove 2.30 FTE 2914 Social Work Supervisor	(125,834)
Remove 1.86 FTE 9702 Employment and Training Specialist I	(81,705)
Salary Savings	(3,220)
Mandatory Fringe Benefits	
Mandatory Fringe Benefits (estimated at 25.1% of permanent salaries)	(175,969)
Total Requested	\$ (877,040)

Program: *Food Stamps Program*

DHS proposes reductions to the Food Stamps Program as detailed below to partially offset increases in other programs.

Proposed Reductions to Food Stamps Program

Description	Amount
Personal Services	
Permanent Salaries	\$ (165,488)
Delete 3.1 FTE 2905 Senior Eligibility Worker	\$ (148,868)
Delete .31 FTE 2907 Eligibility Worker Supervisor	(16,620)
Mandatory Fringe Benefits	
Mandatory Fringe Benefits (estimated at 25.1% of permanent salaries)	(41,537)
Total Requested	\$ (207,025)

Program: *Adult Services \$320,000*

The Board of Supervisors approved partial funding to increase In Home Support Service (IHSS) Worker wages to \$0.65 above the minimum wage rate. DHS therefore requests \$300,000 to fully fund this initiative. DHS also proposes to expend \$20,000 to conduct a wage survey pertaining to IHSS workers.

Adult Services Program Expenditure Request

Description	Amount
Non Personal Services	
Professional & Specialized Services	
<i>IHSS Survey</i>	\$ 20,000
 IHSS IP Payments	
<i>IHSS Wage Increase</i>	280,000
<hr/>	
Total Requested	\$ 300,000

- Comments:**
1. Attachment 1 to this report details existing positions that will be abolished, by program. A total of 149 positions, representing 44.21 FTE and \$1.9 million in Fiscal Year 1997-98 salary dollars would be eliminated by this proposed supplemental appropriation. Attachment 2 provides details on the proposed creation of 277 new positions, representing 80.2 FTE and \$3,775,591 in salary expenditures for Fiscal Year 1997-98.
 2. As noted at the beginning of this report, no General Fund dollars would be necessary for this supplemental appropriation since all proposed expenditures are supported by new State and Federal Revenues or prior year closeouts of unspent Welfare Administration Funds. However, it should be noted that such prior year closeouts could be added to the General Fund Reserve if not used as a source of funds for this supplemental appropriation.

Moreover, even though a portion of this proposed supplemental appropriation is for one time expenditures such as capital improvements and new computer systems, approval of this supplemental appropriation will result in increased General Fund spending in the subsequent, 1998-99 and future Fiscal Years. Based on current DHS projections, the full year annual total expenditures in 1998-99 resulting from the new positions and programs included in this supplemental appropriation will amount to approximately \$24.93 million, offset by new State and Federal revenues of approximately \$8.95 million, therefore resulting in increased General Fund requirements of \$15.98 million, beginning in FY 1998-99.

3. DHS is unable to predict the level of success that will be achieved through its new program emphasis on obtaining employment for CalWORKs and General Assistance participants, or how much can be saved in future aid payments or staffing requirements that would result from any caseload reduction. In addition, if caseloads do not increase over 1994-95 baseline levels due to increasing numbers of participants obtaining employment, the City can retain 75 percent of aid payments saved. However, if DHS does not succeed to the extent that no more than 20 percent of the eligible CalWORKs will be exempted from a 60 month time limit for obtaining aid, then the City will sustain greater costs through reductions in State and Federal revenue for these programs.

4. DHS is requesting \$945,090 for capital improvement projects, although their proposal has not yet been considered by the Capital Improvement Advisory Committee (CIAC). Of this amount, DHS has submitted adequate justification for \$287,391 in necessary work for the 170 Otis Street building and the 1440 Harrison Street building. The balance of \$657,699 should therefore be reserved.

5. DHS is requesting total funding in the amount of \$1,179,637 for new computers and related networking expenditures. The proposed technology enhancements have not yet been reviewed by the Committee on Information Technology (COIT). This amount should also be reserved, pending approval of COIT and submission of full system design and cost details to the Finance Committee.

6. The Budget Analyst has reviewed recent caseload levels and aid payment expenditures for the AFDC program and found that caseloads have been declining at rates greater than the projected decreases on which the 1997-98 budget was based. Consequently, the number of 9703 Employment Specialist I positions can be reduced from by 15 positions, from 122 to 107 without changing

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the desired caseload ratio of 60 clients for every Employment Specialist II position. The requested new Employment Specialist III and Employment Specialist IV positions can be reduced by two positions each, from 18 to 16, or a total reduction of four positions.

- Recommendations:**
1. Amend the proposed supplemental appropriation (File 101-97-39) to reserve \$657,699 of the requested \$945,090 in Facilities Maintenance Projects under the Administration Program pending approval by the CIAC (Comment No. 4).
 2. Amend the proposed supplemental appropriation (File 101-97-39) to reserve \$1,179,637 in Computer Equipment under the Administration Program pending approval by Committee on Information Technology and submission of full system design and cost details to the Finance Committee (Comment No. 5).
 3. Amend the proposed supplemental appropriation (File 101-97-39) by reducing the proposed supplemental appropriation a total of \$380,488 as follows:
 - Reduce CalWORKs Permanent Salaries by \$304,147, from \$1,844,532 to \$1,540,385 (Comment No. 6);
 - Reduce CalWORKs Fringe Benefits by \$76,341, from \$462,978 to \$386,637;
 - Reduce the 9703 Employment Specialist II by 15 positions, from 122 to 107 (Comment No. 6);
 - Reduce the 9704 Employment Specialist III by two positions, from 18 to 16 (Comment No. 6);
 - Reduce the 9705 Employment Specialist IV by two positions from 18 to 16 (Comment No. 6).
 4. Amend the Amendment to the Annual Salary Ordinance (File 102-97-4) to reflect the deletion of 19 positions as specified above.
 5. Approval of the proposed ordinances, as amended, is a policy matter for the Board of Supervisors.

Positions Abolished by Program

<u>Class and Title</u>	<u>No. of Positions</u>	<u>FTEs</u>	<u>Amount</u>
AFDC/CalWORKs			
2905 Senior Eligibility Worker	50	15.52	\$745,169
2907 Eligibility Worker Supervisor	6	1.86	99,829
2946 Eligibility Section Manager	1	0.31	20,333
General Assistance			
2905 Senior Eligibility Worker	10	2.34	112,235
2907 Eligibility Worker Supervisor	1	0.23	12,530
Homeless Programs			
1842 Management Assistant	1	0.46	22,759
Administration			
1202 Personnel Clerk	1	0.463	17,383
1203 Personnel Technician	1	0.463	19,532
Employment and Training Services			
2912 Senior Social Work	53	15.02	490,312
2914 Social Work Supervisor	8	2.25	125,834
9702 Employment Specialist I	6	1.86	81,705
Salary Savings		0.01	3,220
Food Stamps			
2905 Senior Eligibility Worker	10	3.10	148,868
2907 Eligibility Worker Supervisor	<u>1</u>	<u>0.31</u>	<u>16,620</u>
Totals	149	44.21	\$1,916,329

Positions Created by Program

CALWORKS

Classification and Title	No. of Positions	FTEs	Biweekly Rate	Amount	Step 1 (Biweekly -Annual)	Step 5 (Biweekly -Annual)
1408 Principal Clerk	1	0.31	\$ 1,433	\$ 11,607	\$ 1,365 35,627	\$ 1,654 43,169
1426 Sr. Clerk Typist	1	0.31	1,223	9,906	1,223 31,920	1,481 38,654
2917 Program Support Analyst	1	0.31	2,089	16,921	2,089 54,523	2,539 66,268
2948 Sec. Mgr.	3	0.93	2,348	57,056	1,932 50,425	2,348 61,283
9703 Employment Specialist II	122	37.86	1,951	1,927,978	1,607 41,943	1,951 50,921
9704 Employment Specialist III	18	5.59	1,999	291,454	1,646 42,961	1,999 52,174
9705 Employment Specialist IV	18	5.59	2,204	321,343	1,814 47,345	2,204 57,524
9912 Public Service Trainee	<u>14</u>	<u>4.34</u>	<u>649</u>	<u>73,597</u>	649 16,939	783 20,436
Total	178	55.24		2,709,863		

GENERAL ASSISTANCE

Classification and Title	No. of Positions	FTEs	Biweekly Rate	Amount	Step 1 (Biweekly -Annual)	Step 5 (Biweekly -Annual)
1408 Principal Clerk	1	0.23	\$ 1,433	\$ 8,741	\$ 1,365 35,627	\$ 1,654 43,169
1426 Senior Clerk Typist	10	0.96	1,223	30,575	1,223 31,920	1,481 38,654
2917 Program Support Analyst	1	0.46	2,089	25,277	2,089 54,523	2,539 66,268
2948 Sec. Mgr. Dept. Human Services	1	0.23	2,348	14,323	1,932 50,425	2,348 61,283
9703 Employment Specialist II	40	7.51	1,951	382,396	1,607 41,943	1,951 50,921
9704 Employment Specialist III	6	0.02	1,999	1,199	1,646 42,961	1,999 52,174
9705 Employment Specialist IV	5	0.94	2,038	49,931	1,814 47,345	2,204 57,524
9912 Public Service Trainee	<u>6</u>	1.17	649	19,859	649 16,939	783 20,436
Salary Savings		<u>(0.01)</u>		<u>(390)</u>		
Totals	70	11.52		\$ 531,912		

Positions Created by Program

FAMILY AND CHILDRENS SERVICES

Classification and Title	No. of Positions	FTEs	Biweekly Rate	Amount	Step 1 (Biweekly-Annual)	Step 5 (Biweekly-Annual)
1444 Secretary I	1	0.46	1,166	14,109	1,166	1,411
1822 Administrative Analyst	1	0.46	1,744	21,102	30,433	36,827
2940 Child Welfare Worker	3	1.39	1,858	67,445	1,744	2,120
2944 Child Welfare Supervisor	<u>1</u>	<u>0.46</u>	2,418	29,258	45,518	55,332
Salary Savings				(35,211)	1,858	2,258
					48,494	58,934
					2,089	2,539
					54,523	66,268
Total	6	2.78		96,703	131,302	159,421

HOMELESS PROGRAM

Classification and Title	No. of Positions	FTEs	Biweekly Rate	Amount	Step 1 (Biweekly-Annual)	Step 5 (Biweekly-Annual)
1450 Executive Secretary I	1	0.46	1,520	18,392	1,450	1,756
1822 Administrative Analyst	<u>1</u>	<u>0.46</u>	2,019	24,430	37,845	45,832
Total	2	0.93		42,822	1,744	2,120
					45,518	55,332

ADMINISTRATION

Classification and Title	No. of Positions	FTEs	Biweekly Rate	Amount	Step 1 (Biweekly-Annual)	Step 5 (Biweekly-Annual)
1012 IS Technician-Journey	1	0.46	\$1,398	\$16,916	\$1,398	\$1,694
1023 Is Administrator III	1	0.46	2,048	24,781	36,488	44,213
1201 Personnel Technician Trainee	1	0.46	1,333	16,129	2,048	2,490
1204 Sr. Personnel Clerk	2	0.93	1,674	40,511	53,453	64,989
1222 Sr. Payroll & Personnel Clerk	1	0.46	1,827	22,107	1,333	1,615
1370 Special Assistant XI	2	0.93	2,009	48,618	34,791	42,152
1373 Special Assistant XIV	2	0.93	2,472	59,822	1,381	1,674
1404 Clerk	3	1.39	1,076	39,059	36,044	43,691
					1,506	1,827
					39,307	47,685
					2,009	2,442
					52,435	63,736
					2,472	3,005
					64,519	78,431
					1,076	1,301
					28,084	33,956

Positions Created by Program

ADMINISTRATION - CONTINUED

Classification and Title	No. of Positions	FTEs	Biweekly Rate	Amount	Step 1 (Biweekly- Annual)	Step 5 (Biweekly- Annual)
1426 Senior Clerk Typist	4	1.85	1,223	59,193	1,223	1,481
1446 Secretary II	1	0.46	1,562	18,900	31,920	38,654
7333 Apprentice Stationary Engineer	1	0.46	1,200	14,520	1,352	1,638
					35,287	42,752
7524 Institution Utility Worker	<u>1</u>	<u>0.46</u>	1,086	<u>13,141</u>	1,200	1,454
					31,320	37,949
					1,086	1,313
					28,345	34,269
Total	20	9.27		\$373,696		

PROGRAM SUPPORT

Classification and Title	No. of Positions	FTEs	Biweekly Rate	Amount	Step 1 (Biweekly- Annual)	Step 5 (Biweekly- Annual)
2913 Program Specialist	1	0.46	1,702	20,594	1,702	2,069
					44,422	54,332

TOTAL POSITIONS CREATED: 277

TOTAL FTE - 1997-98: 80.2

TOTAL AMOUNT - 1997-98: \$3,775,591

Items 8, 9 and 10 - Files 93-97-3, 93-97-4 and 93-97-5

Note: These items were continued by the Finance Committee at its meeting of May 28, 1997. File 93-97-4, concerning the Municipal Executives Association (MEA) Memorandum of Understanding (MOU) for Airport Police has been amended to correct a typographical error in the proposed ordinance, but no other changes have been made. The two MEA MOUs for Police (File 93-97-3) and Fire (File 93-97-5) have been substantively changed to provide pay increases in the form of annual merit pay of up to 5% of base salary for the represented positions and to eliminate the practice of paying holiday pay, at time and one half, for high ranking positions. Employees would instead receive one day of paid leave for each holiday actually worked.

In addition, the MEA MOU for Police (File 93-97-3) has been amended to provide that the pay of the Police Chief and Assistant Chief would be adjusted based on any percentage increase received by the next highest ranking Deputy Chief classification. Previously, the MOU was worded to provide for adjustments based on any percentage increase received by the Deputy Chief classification. Because a recent amendment to the MOU with the Police Officers Association (File 93-96-30.2, approved by Board of Supervisors in November of 1997) provided for the creation of new ranks for Police Officers holding Peace Officer Standards of Training (POST) certificates, granting Police Officers an increase in base pay instead of payment of a POST premium, the amendment to this MEA MOU will result in an additional six percent increase for the Police Chief and Assistant Chief retroactive to July 1, 1997. Previously, the Police Chief and Assistant Chief did not receive additional pay for holding POST certificates. Historically, the Police Chief and the Fire Chief received the same pay. Under the proposed legislation, the Police Chief would receive six percent more than the Fire Chief.

Department: Department of Human Resources

Items: Ordinances implementing the provisions of the MOU between the MEA and the City and County of San Francisco for MEA members of the Police Department (Item 8, File 93-97-3) for the nine-year period July 1, 1992 through June 30, 2001, the Airport Police (Item 9, File 93-97-4) for the one-year period July 1, 1996 through June 30, 1997 and the Fire Department (Item 10, File 93-97-5) for the seven-year period July 1, 1992 through June 30, 1999. Each of the MOUs are to expire on the same date as the respective MOUs for the rank and file members of the Police Department, Fire Department and Airport Police. The MEA represents the management classification members of the Departments.

Description: The following eight positions are covered under the three MOUs:

<u>Class</u>	<u>Title</u>	<u>Number of Positions</u>
<u>Police Department</u>		
0390	Chief of Police	1
0395	Assistant Chief of Police *	$\frac{1}{2}$
	Subtotal	2
<u>Fire Department</u>		
0140	Chief of Fire	1
0150	Deputy Chief of Fire	2
0145	Assistant Deputy Chief **	0
H-51	Assistant Deputy Chief II	$\frac{1}{2}$
	Subtotal	4
<u>Airport Police</u>		
9218	Chief, Bureau of Airport Police	1
9217	Deputy Chief, Bureau of Airport Police	$\frac{1}{2}$
	Subtotal	2
	Grand Total	$\frac{8}{8}$

* Classification restored to Department in January, 1996

** Classification abolished in January, 1996

In the spring of 1994, the Board of Supervisors disapproved the proposed MOUs for the Police and Fire Department management classifications. Such management employees are members of the MEA. Those proposed MOUs were based on the MOUs with the respective rank and file members of the Police and Fire Departments. The matter was then taken to binding arbitration, where the arbitrator found in favor of the MEA in February, 1995. Based on the binding arbitration award, the Controller directed that the new salary and benefits be paid for the six Police and Fire Department management positions shown above. The subject proposed MOUs for Police and Fire management classifications therefore reflect prior binding arbitration awards that have been actually been paid, and prospective rates of pay and benefits until the two MOUs expire on June 30, 2001 for the Police Department and June 30, 1999 for the Fire Department.

The Proposed MOU for Airport Police MEA members runs concurrently with the MOU for rank and file Airport Police. The MOU for the rank and file Airport Police was previously approved by the Board of Supervisors in January, 1997.

Each of the three MOUs are based on the previously approved MOUs for rank and file sworn members of the respective departments, with the management classifications in the subject proposed MOUs receiving the same percentage salary increases and fringe benefits as other sworn personnel in the Department. Even though the MOUs for Police and Fire management classifications apply to prior fiscal

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years, the salaries and benefits reflect amounts that were actually paid based on the February, 1995 arbitration award.

As mentioned above, the amendment to the MEA MOU for Police which provides for pay increases for the Police Chief and Assistant Chief to preserve salary relationships with the next highest Deputy Chief will also result in an additional six percent salary increase for these two classifications because of the recent amendment to the MOU with the Police Officers Association which created new ranks for POST certificate holders, with higher base pay in lieu of premium pay for POST certificate holders.

Salary provisions for the Police and Fire Department MEA management classifications are shown below.

Biweekly Salaries over the Term of the MOU

Effective Date	Chief of Police	Asst. Chief of Police	Chief of Fire Department	Assistant Deputy Chief of Fire Department	Deputy Chief of Fire Department	Assistant Deputy Chief II
Jul 1, 1992 to						
Feb 24, 1995	\$ 4,759	\$ 4,223	\$ 4,759	\$ 4,004	\$ 4,003	\$ 3,254
Feb 24, 1995	5,247	4,635	5,247	4,414	4,413	3,588
Jul 1, 1995	5,112	4,635	5,112	4,414	4,413	3,588
Jul 1, 1996	5,247	4,839	5,247	*	4,502	3,660
Jan 1, 1997	5,431	5,008	5,431		4,570	3,715
Jul 1, 1997	5,872	5,414	5,540		4,661	3,789
Jan 1, 1998	5,960	5,496	5,623		4,731	3,846
Jul 1, 1998	6,079	5,578	5,735		4,826	3,923
Jan 1, 1999	6,170	5,690	5,821		4,898	3,982

* Class Abolished

Effective Annual Salaries over the Term of the MOU

Effective Date	Chief of Police	Asst. Chief of Police	Chief of Fire Department	Assistant Deputy Chief of Fire Department	Deputy Chief of Fire Department	Assistant Deputy Chief II
Jul 1, 1992 to						
Feb 24, 1995	\$ 124,210	\$ 110,220	\$ 124,210	\$ 104,504	\$ 104,478	\$ 84,929
Feb 24, 1995	136,947	120,974	136,947	115,205	115,179	93,647
Jul 1, 1995	133,423	120,974	133,423	115,205	115,179	93,647
Jul 1, 1996	136,947	126,298	136,947	-	117,502	95,526
Jan 1, 1997	141,749	130,709	141,749	-	119,277	96,962
Jul 1, 1997	153,259	141,305	144,584	-	121,663	98,901
Jan 1, 1998	155,556	143,445	146,753	-	123,487	100,384
Jul 1, 1998	158,662	145,586	149,688	-	125,957	102,392
Jan 1, 1999	161,037	148,509	151,933	-	127,847	103,928

For the two-year period from July 1, 1999 through June 30, 2001, the Police MEA classifications will receive any salary increases granted to other sworn personnel in the Police Department. Such salary increases, if any, would be negotiated under a reopener that exists in

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the MOU with the sworn members of the Police Department and would be subject to separate approval by the Board of Supervisors

The amended versions of the Police and Fire Department MOUs provides that each classification covered would be entitled to annual "merit pay adjustments" of up to five percent, beginning with the 1997-98 Fiscal Year. The merit pay adjustments would be granted by the Police and Fire Commissions. In addition, the represented classifications would no longer be entitled to Holiday Pay at rates of time and one half. Instead, if individuals work on a holiday, they would receive one day of leave for each holiday worked. These new provisions would potentially cost an additional \$32,400 in 1997-98 (\$14,000 for Police and \$18,400 for Fire), if all classifications in both the Police and Fire Department receive the five percent merit adjustment, and save approximately \$28,500 beginning in Fiscal Year 1997-98, representing the Holiday Pay for the represented classifications in the Fire Department. It is the current practice of the Police Department to not grant Holiday Pay for the Chief of Police and Assistant Chief of Police. Although the additional paid leave time that would be received by these Police and Fire positions would not represent an additional cost, the value of that additional paid leave would potentially amount to \$27,000 annually.

Fringe benefits would increase under the proposed MOU in accordance with the following table.

	<u>Monthly Employee Health Coverage</u>	<u>Monthly Dependent Health Coverage</u>	<u>Retirement Pickup</u>
1992-93	\$162	\$ 75	1.0%
1993-94	\$178	\$150	3.0%
1994-95	\$197	\$225	5.0%
1995-96	\$175	\$225	4.5%
1996-97	\$197	\$225	7.0%
1997-98	*	\$225	7.0%
1998-99	*	\$225	7.0%

* As prescribed by Charter

As of the writing of this report, the Controller has not provided an updated analysis of the cost of the proposed MOU. The Budget Analyst has revised the estimated cost as shown on the following page.

Estimated Cost of Proposed MOU - 1992-93 to 1998-99

Annual Costs/(Savings)	<u>1992-93</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>
POLICE DEPARTMENT							
Estimated Incremental Costs Over Prior Fiscal Year; Salary, and Fringe Benefits	\$4,144	\$6,489	\$15,511	\$8,587	\$17,985	\$9,260	\$11,328
Incremental Costs - Merit Pay						14,000	494
Incremental Costs - POST pay salary differential						16,800	600
Percent of Salary Base		2.77%	6.62%	3.54%	7.39%	16.53%	5.15%
Annual Amount Above 1991-92 Level	4,144	10,633	26,144	34,731	52,716	92,782	105,204
Cumulative Total Above 1991-92 Provisions							\$326,354
FIRE DEPARTMENT							
Estimated Incremental Costs Over Prior Fiscal Year; Salary, and Fringe Benefits	\$7,781	\$11,963	\$28,056	\$15,319	\$32,080	\$16,528	\$20,217
Incremental Costs - Merit Pay						18,400	650
Savings from Reduced Holiday Pay						(28,500)	(1,000)
Net Incremental Costs	\$7,781	\$11,963	\$28,056	\$15,319	\$32,080	\$16,344	\$19,867
Percent of Salary Base		2.86%	6.71%	3.54%	7.39%	8.60%	4.60%
Annual Amount Above 1991-92 Level	7,781	19,744	47,800	63,119	95,199	101,627	121,494
Cumulative Total Above 1991-92 Provisions							\$456,764
TOTALS							
Annual Total Incremental Costs Over Prior Fiscal Year- Police and Fire	\$11,925	\$18,452	\$43,567	\$23,906	\$50,065	\$46,494	\$32,295
Total Costs above 1991-92 Police and Fire	\$11,925	\$30,377	\$73,944	\$97,850	\$147,915	\$194,409	\$226,698
Total Cumulative Costs over Seven Years							\$783,118

Although the Police Department MEA MOU covers the additional two-year period of 1999-2000 through 2000-01, the current MOU for rank and file members of the Police Department provides that the Police Officers Association and the City would reopen negotiations on salary provisions and any other sections proposed by the City on January 15, 1999 for Fiscal Years 1999-2000 and 2000-01. The results of such negotiations and related costs would subject to separate legislative approval by the Board of Supervisors.

The Airport Police MEA MOU calls for salary increases as shown in the table below:

<u>Classification</u>	<u>Current</u>	<u>Effective 7/1/96</u> Bi-Weekly Salary	<u>Effective 1/1/97</u>
9218 Chief Bureau of Airport Police	\$ 3,531	\$ 4,025	\$ 4,085
9217 Deputy Chief, Bureau of Airport Police	3,346	3,659	3,714
Annual Salary			
9218 Chief Bureau of Airport Police	\$ 92,159	\$ 105,053	\$ 106,619
9217 Deputy Chief, Bureau of Airport Police	87,331	95,500	96,935
Percentage Increase			
9218 Chief Bureau of Airport Police		14.0%	1.5%
9217 Deputy Chief, Bureau of Airport Police		9.4%	1.5%

In addition to the salary increases above, the retirement pickup for Airport Police MEA classifications would increase from the current level of 4% to 7%.

The two Airport Police MEA classification were abolished effective July 1, 1997 when the Airport Police merged with the San Francisco Police Department.

The Controller previously estimated a cost for the 1996-97 Fiscal Year of approximately \$26,000 for the two Airport Police MEA classifications shown above. The Budget Analyst concurs with the estimate of the Controller.

The Airport Police MEA MOU would provide for the salary and benefit increases shown above retroactive to July 1, 1996.

In summary, the total costs of the three MOUs are a cumulative amount of \$783,118 over seven years for the Police and Fire Department MEA classifications, and approximately \$26,000 for the Airport Police MEA classifications for Fiscal Year 1996-97 only, for a grand total of \$809,118.

Comment: As mentioned above, the Chief of Police and Assistant Chief will receive an additional six percent salary increase effective July 1, 1997 because their MOU has been amended to provide that the pay of the Police Chief and Assistant Chief would be adjusted based on any percentage increase received by the next highest ranking Deputy Chief classification. Previously, the MOU was worded to

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provide for adjustments based on any percentage increase received by the Deputy Chief classification. Because a recent amendment to the MOU with the Police Officers Association (File 93-96-30.2, approved by Board of Supervisors in November of 1997) provided for the creation of new ranks for Police Officers holding Peace Officer Standards of Training (POST) certificates, granting Police Officers an increase in base pay instead of payment of a POST premium, the amendment to this MEA MOU will result in an additional six percent increase for the Police Chief and Assistant Chief retroactive to July 1, 1997. Previously, the Police Chief and Assistant Chief did not receive any additional pay for holding POST certificates.

Historically, the Police Chief and the Fire Chief received the same pay. Under the proposed legislation, the Police Chief would receive six percent more, or approximately \$8,800 more per year, than the Fire Chief.

The impact of this one provision, results in increased costs of \$34,200 for the Police Chief and Assistant Chief for the 1997-98 and 1998-99 Fiscal Years. Additionally, as with the case of the MOU with the Police Officers Association, the retirement benefits of the Police Chief and Assistant Chief will likewise increase in relation to their salary increases.

Recommendation: The proposed ordinances are policy matters for the Board of Supervisors.

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Items 11 and 12 - Files 123-97-8 and 101-97-50

Department: Department of Public Works (DPW)

Items: Hearing to consider the Department of Public Works estimated additional costs, if any, to complete the City Hall Non-Seismic Improvement Project, the funding sources and the amounts of additional funding required to complete the project (File 123-97-8).

Supplemental appropriation ordinance of City Hall Improvement Bond Fund proceeds for design and construction of seismic and non-seismic improvements at City Hall (File 101-97-50).

Amount: \$25,192,702

Source of Funds: \$12,000,000 - 1990 Earthquake Safety (ESP2) Bond
Interest Earnings
8,300,000 - Reappropriation of 1990 Earthquake Safety
(ESP2) Bond Funds
4,892,702 - Interest from 1995 City Hall Non-Seismic
Related Improvement Bonds
\$25,192,702

Description: In June of 1990, San Francisco voters approved \$332,400,000 in General Obligation Public Safety Improvement Bonds, Phase 2 (ESP2) to repair and upgrade earthquake damaged City-owned buildings throughout the City and to seismically reinforce City-owned buildings. To date, \$75.7 million of the ESP2 bonds have been allocated to the City Hall seismic-related Project. According to DPW, the ESP2 bonds have earned a total of \$39.3 million in interest, to date.

The proposed supplemental appropriation would appropriate \$12 million of the interest earnings from the ESP2 bonds for seismic improvements related to the City Hall Project. According to Mr. Tony Irons, the Project Manager of the City Hall Project for DPW, all of the remaining \$27.3 million in interest earnings (\$39.3 million total interest earnings less \$12 million in interest earnings from the proposed supplemental appropriation) from the ESP2 bonds have been committed to ongoing projects.

The proposed supplemental appropriation would also reappropriate \$8,300,000 of the following previously appropriated ESP2 bond funds for the City Hall seismic improvement project.

<u>ESP2 Bond Project</u>	<u>Amount to be Reappropriated</u>
101 Grove Street (Department of Public Health) Building	\$1,375,000
Master Project Unallocated	4,986,500
Asbestos Set-aside	1,600,000
Davies Hall Project	<u>338,500</u>
Total	\$8,300,000

According to Mr. Irons of DPW, this \$8,300,000 is not required for the above-listed projects for which these funds were originally appropriated, due to changes in project scope, the securing of Federal Emergency Management Agency (FEMA) funds or insufficient funds to complete the projects (See Comments 1 and 2 for additional details).

As reported above, the City Hall Seismic-related Project received a total of \$75.7 million from the ESP2 bond funds. In addition, FEMA and the State Office of Emergency Services (OES) allocated \$105 million for the City Hall Seismic-related Project, for a total of \$180.7 million for the City Hall Seismic-related Project. According to Mr. Irons of DPW, these funds were to cover all of City Hall's seismic repairs including the costs of (1) complete structural repair, (2) electrical, mechanical and architectural work associated with the removal and replacement of surfaces and systems to facilitate structural work, (3) hazardous material abatement where encountered and (4) accessibility improvements in areas of alterations.

However, the allocation of \$180.7 million was not sufficient to fully fund all of the seismic improvements or the new non-seismic service improvements needed at City Hall to replace the necessary City Hall systems, including the fire safety, ventilation and electrical systems. In addition, office renovation funds were needed for the third and fourth floors of City Hall, which had previously been occupied by the Trial Courts, but which were to be moved to a new courthouse on the corner of Polk and McAllister Streets. And finally, additional office improvements to bring City Hall up to

code and enable modern telephone and computer equipment were needed.

As a result, in November of 1995, San Francisco voters approved a \$63,590,000 General Obligation bond issuance to support non-seismic improvements to City Hall (Proposition A). In April of 1996, the Board of Supervisors appropriated \$5,687,710 of the Proposition A non-seismic bond funds to begin design work and for other related costs. In July of 1996, the Board of Supervisors appropriated the balance of \$57,902,290 of the 1995 City Hall Improvement Bond Funds, placing \$43,524,203 on reserve, pending selection of contractors and related cost and MBE/WBE information. To date, all of these City Hall non-seismic bond funds have been released from reserve.

At the July 17, 1996 Finance Committee Meeting, potential changes to the non-seismic renovation plans for City Hall were addressed by Mr. Irons. The Board of Supervisors received a full briefing on the design plans for City Hall, but did not include legislation pertaining to any plan changes for City Hall. The costs of any such potential changes were not addressed at that hearing.

According to DPW, the Proposition A General Obligation non-seismic bonds of \$63,590,000 have earned \$4,892,702 of interest, to date. The proposed supplemental appropriation would allocate all of these interest earnings for the completion of the seismic related improvements for the City Hall Project.

Mr. Irons reports that Attachment 1 reflects the costs of the additional \$30,968,000 of seismic work required at City Hall that was beyond the initial \$180.7 million allocated in the original 1990 ESP2 General Obligation Bond. Attachment 1 also identifies those items which would be funded with the requested \$25,192,702 supplemental appropriation. According to Mr. Irons, some of this work has already been completed and some of this work has yet to be completed. However, as indicated in Attachment 1, the \$25,192,702 of funds for these seismic repairs has been allocated from the 1995 non-seismic General Obligation Bond funds.

As shown in Attachment 2, according to Ms. Michelle Sexton of the City Attorney's Office, based on representations made by Mr. Irons that the description of the improvements contemplated by the San Francisco

voters in the 1995 Proposition A non-seismic General Obligation Bonds included seismic projects, these non-seismic bonds can be used to finance seismic renovations at City Hall. However, according to Mr. Irons, the reverse is not true. That is, the 1990 seismic General Obligation Bond monies cannot be used to fund non-seismic related improvements to City Hall (See Comment No. 10).

The Budget Analyst questions the use of non-seismic-related bond funds to reimburse seismic work that has already been completed in order for other non-seismic related work to take place, especially given the fact that seismic work on other previously identified projects will be unable to be completed. In fact, the official digest for the 1995 Proposition A non-seismic City Hall Bonds stated "Proposition A will allow the City to borrow \$63,590,000 by issuing general obligation bonds to make other improvements (emphasis added) to City Hall while the earthquake strengthening is being done".

\$25,192,702 of the non-seismic bond funds have been allocated to seismic related projects. Therefore, in order to fund the proposed additional non-seismic enhancements that are currently proposed for City Hall, the DPW is requesting that the proposed supplemental appropriation of \$25,192,702 be used to reimburse the 1995 Proposition A non-seismic General Obligation Bond monies that have been used for seismic-related City Hall expenditures. This reimbursement of \$25,192,702 will then free-up \$25,192,702 of non-seismic bond funds that can be used for other non-seismic improvements to City Hall, which are beyond the current scope of Proposition A's non-seismic bond funding, as approved by the San Francisco electorate, such as for reconstruction of the City Hall Dome and refurbishment of ornamental metals. Such City Hall improvements also include further historic preservation of the building and facade, additional hearing and special function rooms, reconfiguration of the space and utility systems on the first and second floors, life safety egress modifications to the Ground and Main floors to accommodate public assemblies and increased audio visual, security and broadcast capabilities (See Attachment 3 provided by Mr. Irons for specific detail).

As shown in Attachment 3, the estimated cost to complete all of the proposed additional non-seismic improvements to City Hall total \$47,670,481. Therefore,

the requested \$25,192,702 would only be able to finance 52.8 percent of the proposed additional non-seismic improvements to City Hall, leaving an unfunded balance of \$22,477,779 to complete these non-seismic improvements to City Hall (See Comment 4 for additional details on this unfunded balance).

Comments:

1. According to Ms. Tina Olson of the DPW, the \$4,986,500 of Master Project Unallocated funds proposed to be reappropriated for the City Hall Seismic-related Project is due to the closeout of numerous ESP2 projects throughout the City that had funds remaining in their budgets. Ms Olson reports that in some cases, the projects were completed under-budget and in other cases, FEMA and/or OES funds were used to reimburse the previously appropriated City bond funds for individual projects.

Mr. Frank McPartland of DPW reports that the \$1,600,000 of Asbestos Set-aside funds proposed to be reappropriated for the City Hall Seismic-related Project is because, although appropriated, none of these Set-aside funds were ever expended. According to Mr. McPartland, a total of \$1,600,000 was appropriated for the Asbestos Set-aside account for all of the ESP2 projects to use. However, Mr. McPartland reports that each of the ESP2 projects budgeted their own asbestos removal and remediation costs within their individual budgets and therefore did not require any additional funds.

Ms. Marilyn Thompson of the DPW reports that the \$338,500 from the Davies Hall Project proposed to be reappropriated for the City Hall Seismic-related Project is because the earthquake damage repairs to Davies Hall were completed at a lower cost than originally estimated.

2. Mr. Irons reports that it was originally intended that all of the additional funds remaining in the ESP2 bond be allocated to the 101 Grove Street Building, which houses the Administration of the Department of Public Health (DPH). This would have resulted in an appropriation of \$12 million of 1990 ESP2 bond interest earnings, that are proposed for appropriation in this legislation for City Hall and a reappropriation of \$6,925,000 that is proposed for reappropriation in this legislation for City Hall, in addition to the previous appropriation of \$1,375,000 for DPH's 101 Grove Street Building. Together, this would

have resulted in a total allocation of \$20,300,000 for DPH's 101 Grove Street Building.

However, seismic upgrading and renovation of the 101 Grove Street Building is estimated to cost approximately \$45.4 million, according to DPW estimates. DPW reports that the \$45.4 cost estimate is \$25.1 million more than the \$20.3 million currently available from the ESP2 funds which is being used to partially fund this subject request of \$25,192,702. As a result, DPW has recommended that the City use all of these seismic-related bond funds to reimburse additional seismic improvements in City Hall and not proceed with the seismic strengthening of the 101 Grove Street Building Project until secure and adequate funding is available for that Department of Public Health Building at 101 Grove Street.

Therefore, if the Board of Supervisors approves the use of seismic bond funds, as is being proposed under this legislation for reimbursement of additional seismic improvements at City Hall, there will be no seismic funds remaining for the 101 Grove Street Project. This will result in halting the seismic strengthening and repairs to the DPH Building

3. According to Mr. Irons, DPW is currently planning a General Obligation Bond issue in 1998 or 1999 to cover the seismic and renovation costs for more City-owned buildings, including those that were not completed under the 1990 ESP2 General Obligation Bond measure. Mr. Irons reports that seismic repairs and retrofit of the 101 Grove Street Building are planned to be included in this upcoming General Obligation Bond measure as well as the costs for seismic repairs and retrofit of the War Memorial Building. Both of these buildings were included in the original budget for the 1990 ESP2 General Obligation bonds, but the funds to seismically strengthen these two buildings were subsequently diverted to the needs of the City Hall Project.

The Budget Analyst notes that to the extent that monies are transferred from the DPH's 101 Grove Street Building seismic bond appropriation and from other ESP2 appropriations to the seismic and non-seismic renovations for the City Hall Project, such transfers will ultimately result in a larger General Obligation Seismic Safety Bond measure in the future.

4. As shown in Attachment 3 and discussed above, the proposed \$25,192,702 supplemental appropriation request, which is the subject of this legislation, will not fully fund the completion of the City Hall non-seismic related Project. Mr. Irons reports that he is currently working on submitting an application for Federal Hazard Mitigation grant funds of approximately \$55 million for the necessary remaining shortfall for the non-seismic improvement project needed for City Hall. Mr. Irons reports that the actual shortfall of funds to complete the non-seismic related City Hall Project is currently \$47,670,481, as shown in Attachment 3. If the proposed supplemental appropriation of \$25,192,702 is approved, then the remaining shortfall for the completion of the non-seismic related City Hall Project is \$22,477,779.

Mr. Irons reports that he anticipates receiving the total of approximately \$55 million of Federal Hazard Mitigation grant funds for reimbursement of the City's ESP2 costs for the base isolation system, a system which provides the needed seismic upgrading completed at City Hall. According to Mr. Irons, any funds that the City receives from such Federal Hazard Mitigation grant monies that exceed the \$22,477,779 shortfall of funds would be used to repay the ESP2 bond fund, which would then be available for other eligible ESP2 seismic projects, such as DPH's 101 Grove Street Building or the War Memorial Building.

5. However, if the DPW is not successful in securing these Federal Hazard Mitigation grant funds, Mr. Irons reports that although construction will proceed on City Hall consistent with previous direction, if the Federal/State funding of at least \$22 million is not clearly available by February 1, 1998, Mr. Irons will submit a prioritized list of items of the remaining work. As shown in Attachment 4, Mr. Irons reports that "the Mayor and the Board of Supervisors can then select a design direction in concert with a review of available General Fund monies".

In other words, Mr. Irons is indicating that DPW will likely be seeking General Fund monies to complete the additional non-seismic improvements that are desired at City Hall, if DPW is not successful in securing at least \$22 million of Federal Hazard Mitigation grant funds for the City Hall Project.

6. Attachment 5 is a schedule provided by Mr. Irons which identifies all of the costs from all funding sources for the entire City Hall Project, broken down by the seismic related costs versus the non-seismic related costs. As shown in Attachment 5, the total cost for the City Hall Project is \$292,734,811, including both seismic and non-seismic improvements. As shown in Attachment 5, a total of \$172,871,624 has been expended to date. Although the total cost for the entire City Hall Project is estimated at \$292,734,811, as reflected in the attached schedule, the DPW has only received a total of \$245,057,032 of funding for the entire City Hall Project, leaving a current shortfall of \$47,670,481*. If the proposed supplemental appropriation is approved, the remaining shortfall is \$22,477,779, which as discussed above, the DPW anticipates receiving from Federal Hazard Mitigation grant funds.

7. Mr. Irons has provided the Budget Analyst with floor plans indicating the proposed locations for various City departments for City Hall when it is to be occupied in January of 1999. Attachment 6 identifies those City Departments/Divisions that previously occupied City Hall and the amount of square feet for each of these Departments/Divisions and also identifies the proposed Departments/Divisions to occupy City Hall after the renovations are completed, including the amount of square feet and the maximum number of occupants per Department/Division. This plan indicates that prior to the renovations at City Hall, a total of 1,306 City Department employees were located in City Hall, including volunteers, temporary help and trainees. The proposed plan indicates that a total of 749 City Department employees would be relocated to City Hall, including volunteers, temporary help and trainees. The proposed plan therefore represents a reduction of 557 City Hall employees, or over 42 percent fewer employees than were located in City Hall prior to the renovations. Mr. Irons cautions that the proposed plan is subject to change, which may include both increases and/or decreases in the number of City employees to be located in City Hall, depending on the individual needs of each Department and its staff. The actual occupant numbers will be determined by Department head assignments, according to Mr. Irons. Mr. Irons also states that the building has been designed to accommodate a maximum of 1,147 occupants, including City employees,

* Rounded.

volunteers, temporary help, trainees and other services, such as for a childcare facility, event space, San Francisco history & flag area and security. The Budget Analyst notes that this maximum occupancy of 1,147 is still 13.5 percent less than the 1,326 actual (City and non-City employees) total occupancy prior to the renovations of City Hall.

This raises the question of where will the revenues to pay for the additional lease costs for rent of private office space for these City employees come from. Presently, the revenues to pay for the leased space for employees who were previously housed in City Hall come from the bond funds. According to Mr. Irons, these costs are approximately \$4,500 per year per employee, based on approximately 250 square foot per employee at \$18 per square foot per year. Based on prior representations made to the Board of Supervisors, the Board placed an argument in favor of the Proposition A non-seismic improvement bonds in the 1995 Voter Information Pamphlet which stated that Proposition A would save the taxpayers money "by moving more rent-paying departments into space previously used by the Courts on the 3rd and 4th floors." As reflected in the proposed plan, this would clearly not be the case.

Mr. Irons states that he addressed this issue to the Finance Committee in a letter to Supervisor Hsieh in July of 1996. According to Mr. Irons, the conditions have not substantively changed since that time. As reflected in that letter, Mr. Irons states that "the building will have two grand public spaces in the light courts available for events. Provided the City is willing to charge a fee beyond the operational cost for use of these spaces, as does the Academy of Sciences and the Legion of Honor, . . . revenues of \$260,000 per year for one event per week or as much as \$1,000,000 a year for four events per week" could be realized. Mr. Irons however states that, to date, a policy for making such space available to the public and rental rates have not yet been established.

8. Mr. Irons states that City Hall is on schedule and is anticipated to be completed by January 2, 1999.

9. The Controller's Office has prepared an Amendment of the Whole, which removes the word "non-seismic" from the title of the proposed ordinance. This changed language is necessary because, as discussed above, the

proposed ESP2 seismic funds cannot be used for non-seismic purposes.

10. Mr. Irons has provided the Budget Analyst with detailed project cost breakdown of the subcontractors that have been selected to complete the proposed work on City Hall. As shown in Attachment 7, DPW has exceeded its goals for both MBE and WBE participation on the City Hall Project. According to Mr. Irons, all of the subcontractors are working under the prime contractor, whose contract was awarded prior to the effective date of the Equal Benefits Ordinance.

11. Attachment 8 provided by Mr. Irons identifies the specific reasons why the City Hall Project needs these additional requested funds, summarizes the Budget Details, the Project Status and the Main Benefits to be Derived from the Project. In addition, Attachment 8 identifies five Negative Impacts that would occur, according to Mr. Irons, if the proposed supplemental appropriation is not approved. The Budget Analyst is concerned that the Board of Supervisors is only now being asked to approve additional funds for the non-seismic related improvements for the City Hall Project. However, as reflected in Attachment 8, if the Board of Supervisors does not approve the proposed supplemental appropriation, as requested, the City will incur major financial problems with the City Hall Building, according to Mr. Irons, such as incurring approximately \$575,000 per month in extended overhead construction contractor costs, incurring approximately \$430,000 per month in City staff and construction management consultant costs and approximately \$240,000 per month in lease extension costs for various City departments, for a total of approximately \$1,245,000 per month of additional costs.

12. In summary, the proposed \$25,192,702 supplemental appropriation would appropriate \$12 million of 1990 ESP2 Bond interest earnings, reappropriate \$8,300,000 of 1990 ESP2 Bond funds previously appropriated to specific projects and appropriate \$4,892,702 of 1995 non-seismic bond funds interest earnings. As shown in Attachment 1, costs of an additional \$30,968,000 of seismic related work have been required at City Hall, beyond the initial \$180.7 million allocated in the 1990 ESP2 General Obligation Bond. Mr. Tony Irons, the Project Manager for the City Hall Project for DPW reports that \$25,192,702 of the 1995 non-seismic bond funds have been allocated to

these seismic-related projects, as identified in Attachment 1.

The City Attorney's Office has determined that the 1995 non-seismic bond funds can be used to fund seismic projects. However, the reverse is not true, such that the 1990 seismic bonds cannot be used to fund non-seismic improvements to City Hall. As a result, the proposed \$25,192,702 supplemental appropriation would be used to reimburse those 1995 Proposition A non-seismic bond monies that were used to fund seismic projects. This will then free up \$25,192,702 of non-seismic bond funds that can be used to fund additional non-seismic improvements to City Hall.

The Budget Analyst questions the use of non-seismic-related bond funds to reimburse seismic work that has already been completed in order for other non-seismic related work to take place, especially given the fact that seismic work on other previously identified projects will be unable to be completed. Due to the reappropriation of ESP2 bond funds, under the proposed legislation, from the Department of Public Health's 101 Grove Street Building, if the Board of Supervisors approves this ordinance, there will be no funds remaining for the 101 Grove Street Building. In fact, the official digest for the 1995 Proposition A non-seismic City Hall Bonds stated "Proposition A will allow the City to borrow \$63,590,000 by issuing general obligation bonds to make other improvements (emphasis added) to City Hall while the earthquake strengthening is being done".

The total estimated cost for the City Hall Project is \$292,734,811, including both seismic and non-seismic improvements. Attachment 3 identifies total costs of \$47,670,481 of additional non-seismic improvements, for which DPW does not currently have sufficient funding. If the proposed supplemental appropriation of \$25,192,702 is approved, the remaining shortfall to complete these non-seismic improvements would total \$22,477,779. Mr. Irons is currently submitting an application for \$55 million of Federal Hazard Mitigation grant funds to cover the remaining shortfall. If the City receives Federal Hazard Mitigation grant funds that exceed the \$22,477,779 shortfall of funds, the additional grant monies would be used to repay the ESP2 bond fund, to enable other eligible seismic projects to be undertaken. However, if DPW is not successful in securing Federal Hazard Mitigation grant funds of at

least \$22 million by February 1, 1998, DPW will likely be seeking General Fund monies to complete the additional non-seismic improvements that are desired at City Hall.

Prior to the renovation of City Hall, a total of 1,306 City employees were located in City Hall, including temporary help, volunteers and trainees. The proposed plan indicates that a total of 749 City employees would be relocated to City Hall, including temporary help, volunteers and trainees. The proposed plan therefore represents a reduction of 557 City Hall employees, or over 42 percent fewer employees than were located in City Hall prior to the renovations. Mr. Irons cautions that this plan is subject to change, depending on the individual needs of each City department. Based on prior representations made to the Board of Supervisors, the Board placed an argument in favor of the Proposition A non-seismic bonds in the 1995 Voter Information Pamphlet which stated that Proposition A would save the taxpayers money "by moving more rent-paying departments into space previously used by the Courts on the 3rd and 4th floors." As reflected in the proposed plan, this would clearly not be the case.

This raises the question of where the revenues to pay for the additional lease costs for rent of private office space for these City employees will come from. According to Mr. Irons, it will cost approximately \$4,500 per year per employee. According to Mr. Irons, "the building will have two grand public spaces in the light courts available for events. Provided the City is willing to charge a fee beyond the operational cost for use of these spaces, as does the Academy of Sciences and the Legion of Honor, . . . revenues of \$260,000 per year for one event per week or as much as \$1,000,000 a year for four events per week" could be realized. Mr. Irons however states that, to date, a policy for making such space available to the public and rental rates have not yet been established.

And finally, the Budget Analyst is concerned that the Board of Supervisors is only now being asked to approve additional funds for the non-seismic related improvements for the City Hall Project. As reflected in Attachment 8, if the Board of Supervisors does not approve the proposed supplemental appropriation, as requested, the City will incur a total of approximately \$1,245,000 per month of additional costs.

Memo to Finance Committee
December 17, 1997 Finance Committee Meeting

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

San Francisco CITY HALL



Seismic Retrofit Project

Building Improvement Project

□ 2288U

1049H ■

December 11, 1997

Mr. Harvey Rose
Budget Analyst for the Board of Supervisors
1390 Market Street, Suite 1025
San Francisco, CA 94102

Attention: Debra Newman

Dear Mr. Rose:

The following is a list of those items not funded by the \$181 million dollar seismic allocation for City Hall which were necessary to complete a functional building. The \$25.19 million dollar Supplemental Appropriation will be applied to those items abating Proposition "A" monies already spent for their construction. This list is derived from Attachment "A" in the Supplemental Appropriation.

ALLOCATION OF ATTACHMENT "A" ITEMS TO THIS SUPPLEMENTAL

Seismic related work not funded by \$181 million seismic allocation required to complete a fully habitable and functional building.	Amount	% Allocated To This Supplemental	Total Allocated To This Supplemental
1. Interior office ventilations (2 nd & 3 rd floors)	\$3,600,000	100%	3,600,000
2. Complete new electrical & telephone system	13,800,000	100%	13,800,000
3. Demolition, architectural & patching	5,750,000	100%	5,750,000
4. Code upgrades to historic lighting	575,000	100%	575,000
5. Completion of roofing & roof drain repairs	2,300,000	0%	0
6. Repair of damaged paint and wood finishes	920,000	0%	0
7. Build out of Ground floor tenant spaces	3,737,500	40%	1,468,000
8. Replacement of attic fans	115,000	0%	0
9. Replacement of PCB ballasts	170,500	0%	0
TOTAL	\$30,968,000		\$25,193,000

Sincerely,

Anthony E. Irons
Project Manager

AEI:yc

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A San Francisco Department of Public Works Project

Managed by the Bureau of Construction Management & Turner Construction Company
100 Grove Street, San Francisco, CA 94102 ☎ (415) 863-0273 • Fax (415) 863-2712

CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CITY ATTORNEY



LOUISE H. RENNE
City Attorney

MICHELLE W. SEXTON
Deputy City Attorney

DIRECT DIAL: (415) 554-3941

December 11, 1997

Mr. Harvey Rose
Budget Analyst for the Board of Supervisors
1390 Market Street, Suite 1025
San Francisco, CA 94102

Re: City and County of San Francisco General Obligation Bonds, Series 1996A (City Hall Improvement Project) - approved by the voters on November 7 1995

Dear Mr. Rose:

You have as asked whether bond proceeds from the City and County of San Francisco General Obligation Bonds, Series 1996A (City Hall Improvement Project) which were approved by the voters on November 7, 1995 (the "1996A Bonds") can be used to fund "seismic" projects at City Hall. Based on representations made by Anthony E. Irons, project manager for the City Hall project, that the description of the improvements contemplated by the voters for the 1996A Bond authorization include seismic projects, 1996A Bond proceeds may be used to fund seismic projects at City Hall.

Very truly yours,

A handwritten signature in cursive script, reading "Michelle Sexton".

Michelle W. Sexton
Deputy City Attorney

CITY HALL SUPPLEMENTAL APPROPRIATION NOVEMBER 1997

ATTACHMENT "B"

Desired building enhancements not funded by Proposition "A"

1. Flexible Space Alterations

A major redesign of all spaces, respecting the historic fabric, to permit proper modern functioning of department spaces and to allow department sizes to change over time without requiring significant construction modifications.

2. Main Floor Assembly Requirements

Code and practical alterations to permit assembly functions to occur in many spaces of the Main Floor. The alterations, not a part of Proposition "A" should have been effected just even for just continued use of the rotunda area for major functions.

3. Hearing and Special Function Rooms

Casework, millwork, acoustic treatments, accessibility modifications and seating to provide for five hearing rooms (not including the Board Chamber), a press conference room and four rooms equipped for tele/conferencing.

4. Audio-Visual, Security and Broadcast

Building-wide systems, which are in addition to the Proposition "A" funded telecommunications component which will make the building a truly "smart" building and allow for video conferencing, Main Floor sound and lighting, remote public interaction with public hearings, video display and sound enhancement at hearing room dais', building wide monitored security, media coverage capabilities with central control and external connections and live gavel to gavel hearing coverage.

5. Historic Preservation

Reconstruction, renovation and refurbishment, beyond the scope allocated in Proposition "A" of millwork, cabinets, counters, the dome, doors and hardware, ornamental metals and the concealment of all utility systems behind ornate plaster, stone and wood finishes.

City Hall Supplemental
Attachment "B"
P.2

6. Bidding Climate and Acceleration

Due to the enormous amount of construction in California, there is a much less competitive bidding climate now than 2 1/2 years ago when bond costs were estimated. Also, we have made great efforts to insure that most of the work, notably the stonework, woodwork and plaster are being performed by San Francisco firms with MBE/WBE components in excess of HRC goals. If funded as proposed, the work volume as compared to the original Proposition "A" will have doubled with no extension of time. It may be necessary to pay for overtime or double/triple shifts to meet the completion date.

TOTAL COST OF WORK DEFINED ABOVE:

\$47,670,481

NOTE: These components represent the total difference in cost between the original Proposition "A" scope of work and the project as designed and bid at present. They were not estimated or bid as separate items but are embodied in parts of the work of many trades (e.g. bathrooms on the main floor are parts of plumbing, stone, doors, drywall, electrical, etc). It is therefore not possible to give an exact figure per item.

Post-It® Fax Note 7671		Date 12/12	# of pages 1
To Debra Newman		From Tony Irons	
Cu./Dept.		Co.	
Phone #		Phone #	
Fax # 252-0461		Fax #	

S a n F r a n c i s c o
C I T Y H A L L



Seismic Retrofit Project

Building Improvement Project

□ 2288U

1049H ■

December 11, 1997

Revised

Via Fax: 554-6158

Mr. Matthew Hymel, Director
Mayor's Office of Budget
401 Van Ness Avenue, Room 304
San Francisco, CA 94102

Dear Mr. Hymel:

In confirmation of our discussions this morning, I will convey to the Board of Supervisors through the Budget Analyst the following decision regarding the construction of City Hall should financing beyond this \$25.19 million dollar Supplemental Appropriation not be available from the anticipated Federal and State sources:

After appropriation of this \$25.19 million, I will proceed with construction as presently designed consistent with all previous directions I have received. Should anticipated Federal/State funding of at least \$22 million dollars not be clearly available by February 1, 1998, I will submit a prioritized list of items of work. The Mayor and Board of Supervisors can then select a design direction in concert with a review of available general fund monies.

Please respond with your comments at your earliest convenience. I can be reached at the office at 863-2639 or 207-6316 pager or 297-8742 cell phone. My fax number is 863-2712.

Respectfully,

Anthony E. Irons
Project Manager

TI:yc

CITY HALL PROJECT SUMMARY

1997.12-12 08:59 #767 P.02/02

Attachment 5

14158632712

FROM : SF CITY HALL PROJECT

Activity	Previously Approved Funding	On Reserve	This Request	Expended to Date	Revised Budget
FEMA	78,999,999	0	0	152,523,010	78,999,999
State Office Of Emergency Services	26,333,333	0	0	Included Above	26,333,333
1990 ESP 2 Seismic Bond	75,736,458	0	0	Included Above	75,736,458
Misc. Other	397,242	0	0	Included Above	397,242
1996 Non-Seismic Bond	63,590,000	0	0	20,348,525	63,590,000
Subject Of This Request	0	0	25,200,000	0	25,200,000
Total Sources	245,057,032	0	25,200,000	172,871,535	270,257,032
Seismic & Relocation Uses:					
1. CH Data Centers Relocation & Consolidation	1,080,410	0	0	1,080,410	1,080,410
2. CH EQ. Damage Repairs 2176Q	1,713,568	0	0	1,713,468	1,713,568
3. CH Addl. Interim Shoring 2371Q	352,535	0	0	352,535	352,535
4. Material Testing Lab N. Point 6097U	669,917	0	0	669,917	669,917
5. CH Office Space Search 1126H	150,000	0	0	6,619	150,000
6. CH Facility Preservation 2289F	1,345,699	0	0	1,239,754	1,345,699
7. CH Dome Earthquake Repair 2355Q	648,133	0	0	648,133	648,133
8. CH Handicap Toilets 2362F	72,863	0	0	72,492	72,863
9. SFCH Tenant Relocation 2358U	37,350,843	0	0	33,311,659	37,350,843
10. SFCH Seismic Retrofit 2288U	138,083,064	0	25,200,000	113,428,022	181,460,843
11. Seismic & Relocation Subtotal	181,467,032	0	25,200,000	152,523,009	224,844,811
Non-Seismic Uses:					
12. SFCH Improvement Bond 1049H	63,590,000	0	0	20,348,525	63,590,000
13. Acceleration	0	0	0	0	2,400,000
14. Lease Extensions	0	0	0	0	1,900,000
15. Non-Seismic Subtotal	63,590,000	0	0	20,348,525	67,890,000
16. Totals	245,057,032	0	25,200,000	172,871,624	292,734,811
17. Remaining Shortfall					22,477,779

San Francisco CITY HALL



Seismic Retrofit Project

Building Improvement Project

□ 2288U

1049H □

PRE-RELOCATION OCCUPANTS

DEPARTMENTS/DIVISIONS	<i>Prior Occupants</i>	<i>Prior Sq. Ft.</i>
Assessment Appeals	3	2,790
Assessor/ Recorder	104 (10) 37	13,120 9,980
Board of Supervisors	33 (11)	7,731
BOS Chamber/Committee Rm.	0	4,609
Business & Community Service	11	2,980
City Administrator	33	6,500
City Attorney	70	13,970
Civil Service Comm.	6	1,520
Clerk of the Board of Sups	23	1,320
Commerce & Trade	3	470
Controller Department	116	20,810
Courts	295	82,000
Criminal Justice	16	2,490
DET	7	6,912
Department of Elections	12 (76)	14,950
DPW (<i>Director, BSM, OFFMA</i>)	110	18,293
DPW/Custodial. & Maint.	7	11,380
Film and Video	4	980
Human Resources	21	11,490
Law Library	12	12,550
Mayor's Administration	34	6,330
Permit Appeals	5	810
PUC	6	2,620
Purchaser Admin	30	5,830
Reproduction Mail Service	20	10,640
Sheriff Administrative	16	2,430
Sheriff's Bailiffs	9	0
Sheriff Civil	25	3,080
Treasurer/ Tax Collector	21 (20) 100	10,970 14,010
<i>TOTAL (w/temp)</i>	<i>1189 (1306)</i>	<i>303,565</i>

Note: The number in parentheses represents volunteers, temporary help, and trainees

San Francisco CITY HALL



Seismic Retrofit Project

Building Improvement Project

□ 2288U

1049H □

PRE-RELOCATION OCCUPANTS

SERVICES	<i>Prior Occupants</i>	<i>Prior Sq. Ft.</i>
Café ¹	3	1,330
Hearing Rooms	0	1250
Post Office (United States)	4	584
Press Rooms	6	400
Title Companies	6	600
Transit Center	1	50
TOTAL	20	4214
GRAND TOTAL w/serv (w/temp/serv).	1209 (1326)	307,779

TRAINEES, TEMPS, VOLUNTEERS	<i>Prior Occupants</i>	<i>Prior Sq. Ft.</i>
Assessor	10	
Board of Supervisors	11	
Department of Elections	76	
Treasurer/ Tax Collector	20	
TOTAL Trainees, Temps, Vol.	(117)	

Note: The number in parentheses represents volunteers, temporary help, and trainees

San Francisco CITY HALL



Seismic Retrofit Project

Building Improvement Project

□ 2288U

1049H □

PROPOSED OCCUPANTS

DEPARTMENTS/DIVISIONS	Proposed Occupants	Proposed Sq.Ft.	Maximum Occupants
Assessment Appeals	13	1,400	13
Assessor/ Recorder	37	9,645	51
Assistance/Neighborhood Outreach	9	3,300	16
Board of Supervisors	44 (22)	14,157	44(22)
BOS Chamber/Committee. Rm.	0	4,920	0
Children Youth Family	26	3,870	28
City Administrator	18	5,313	19
City Attorney	94	28,214	157
Clerk of the Board of Sups	24	6,459	24
Common Support	0	20,584	8
Controller Department	61	14,236	70
Criminal Justice	10	1,551	13
DET	4	400	4
Department of Elections	9(123)	12,360	9(132)
DPW (<i>Director, BSM, OFFMA</i>)	33	6,108	36
DPW/Custodial. & Maint..	26	11,700	30
Economic Development	24	5,335	26
Grants for the Arts	13	1,531	7
Housing	29	4,893	29
Mayor's Administration	36	11,568	40
Reproduction Mail Service	1	400	1
Sheriff Administrative	22	7,000	25
Treasurer/ Tax Collector	36	12,500	40
Unassigned	35	8,519	35
<u>TOTAL (w/temp)</u>	604 (749)	195,963	725(870)

Note: The number in parentheses represents volunteers, temporary help, and trainees

Attachment 6
Page 4 of 4

San Francisco CITY HALL



Seismic Retrofit Project

Building Improvement Project

□ 2288U

1049H □

PROPOSED OCCUPANTS

SERVICES	Proposed Occupants	Proposed Sq.Ft.	Maximum Occupants
AV Center	0	1,200	0
Bicycle Storage	0	900	0
Broadcast Control	3	2,100	6
Café	3	3,500	3
Childcare	50	3,500	50
Event Space	3	11,500	72
Event Food Service	0	1,200	0
Event Staging and Storage	0	5,350	15
Exercise	0	800	0
Executive/Legislative Board Rm		1,664	0
Hearing Rooms	0	12,000	36
Mayor's Vehicle Entrance	0	1,100	1
Post Office (United States)	3	750	3
Press Rooms	6	1,000	6
Press Conference room	0	1,780	0
SF History & Flags	2	11,800	78
Security	6	1,100	6
Security Delivery	0	700	1
Telecom rooms	0	2,000	0
TOTAL	76	62,280	277
GRAND TOTAL w/serv (w/temp/serv).	680 (825)	259,907	1002 (1147)

TRAINEES, TEMPS, VOLUNTEERS	Proposed Occupants	Proposed Sq.Ft.	
Board of Supervisors	22		
Department of Elections	123		
TOTAL Trainees, Temps, Vol.	(145)		

Note: The number in parentheses represents volunteers, temporary help, and trainees



Page 6.

Project Cost Breakdown, Cont.

RECAP

Total for MBE's.....11,635,685
Total for WBE's..... 4,139,765
Total Subcontract Amount.....52,679,119
Total MBE Percentage of Subcontract Work.....22.1%
Total WBE Percentage of Subcontract Work.....7.9%

<u>MBE Dollars</u>	<u>WBE Dollars</u>	<u>Total Subcontracts</u>
900	301,990	4,412,672
506	720,754	737,700
4,000	431,000	758,209
95,000	397,300	456,305
3,500	209,000	17,742,504
70,950	500,000	2,881,470
2,530	650,000	685,659
4,200,000	106,525	2,706,423
2,100,000	138,936	11,315,199
1,746,600	30,000	10,982,978
184,000	12,000	
200,000	160,000	
11,220	94,059	
486,135	353,775	
77,303	34,426	
73,675		
8,000		
159,440		
1,463,339		
748,587		
<hr/>	<hr/>	<hr/>
11,635,685	4,139,765	52,679,119
MBE: 22.1%	WBE: 7.9%	
MBE GOAL: 20%	WBE GOAL: 6%	

Specific Additional Funding Requirements

The specific reasons this project needs additional funding are:

1. As previously noted, the seismic funds originally allocated to the City Hall project were insufficient to provide a complete, functioning, occupiable building. Proposition "A" funds were allocated to architectural, electrical, telecommunications, mechanical, and abatement work which should have been included in the seismic project (see attachment "A").
2. Requests for public space on the main floor and multiple hearing rooms changed the code designation of much of the City Hall space from "business" to "assembly" which required multiple improvements to provide adequate exits and expanded the casework, lighting, security, sound and audio-visual systems.
3. The Proposition "A" work funded basic patching, painting, carpeting for existing spaces with the intent of relocating everyone, except the courts, back exactly where they came from. This has subsequently been determined to be neither desirable nor practical. The current design concept, presented to and approved by the Finance Committee on July 17, 1996, envisions fairly major alterations to many spaces to accommodate specific functions, historic renovations, and a flexible layout to allow spaces to be used as either open public space or occupiable by departments without requiring major construction alterations.
4. At the time we prepared Proposition "A" in early 1995, there was a very competitive bidding environment. Due to the strong economy and the amount of building in San Francisco and the Bay Area, this is no longer the case. As a result, bids have been coming in approximately 10% more than estimated.

Budget Details

Attached is a detailed listing of the \$25.19 million we need to make seismic related repairs to City Hall (see attachment "A"). Again, we are not requesting funds to cover any costs associated with building improvements not specifically required to make City Hall a habitable, seismically reinforced building. Attachment "B" details the improvements which, with approval of this request would be possible with Proposition "A" funds. We have also included a summary of the entire City Hall Project budget and anticipated funding sources.

Project Status

The total project is currently on schedule, which means it will be open by January 2, 1999. The original \$181 million seismic work except for work purposely delayed for Proposition "A" coordination is both within its original schedule and on budget. All of the Proposition "A" improvements have been designed and most of the subcontractors mostly selected. In September of 1997, the Finance Committee released the remaining Proposition "A" funds for this project.

Main Benefits to Be Derived from the Project

1. City Hall is a National Landmark. It is considered one of the finest examples of classical architecture in the world. These additional funds will allow for general renovations that are consistent with the building's original design intent and the historic significance of the building.
2. City Hall will be able to accommodate either large public events or department operations, which will allow city administrations to change space uses without incurring major construction costs.

Negative Impacts If Not Approved

1. We will have to extensively redesign the project at an additional cost and we will not meet the project completion date of 12/31/98.
2. The construction contractors will charge the project approximately \$575,000 per month in extended overhead costs to remain on the project beyond the planned project completion date.
3. It will cost the project approximately \$430,000 per month to fund City staff and construction management consultants to remain on the project past the completion date.
4. The City will have to pay approximately \$240,000 per month in lease extensions for departments intended to move into City Hall upon completion.
5. If we have to significantly reduce the project scope, we will not be able to complete the original bond program objectives.

Contact Person:

DPW: Project Manager, Tony Irons: 863-2639

Item 13 - File 97-97-62

Item: Ordinance amending Chapter 23 of the Municipal Code by adding Article VII to Chapter 23, requiring certain labor representation procedures in hotel and/or restaurant development projects in which the City has a proprietary interest.

Description: The proposed ordinance would amend the Municipal Code to require, as a condition of the City retaining or acquiring a proprietary interest (as landlord, proprietor, lender or guarantor) in a hotel and/or restaurant project (or a development containing such projects), that employers of workers in all such hotels and/or restaurants would be required to enter into a Card Check Agreement with a union, at the union's request. A Card Check Agreement is a procedure by which workers in such a hotel and/or restaurant can register their preference regarding union representation.

According to Mr. Jonathan Holzman of the City Attorney's Office, a Card Check Agreement procedure is a nonconfrontational alternative process for resolving a union organizing campaign. The text of the proposed ordinance states that it is intended to minimize the risk that the City's financial or other non-regulatory interest in a hotel or restaurant could be adversely affected by labor/management conflict or consumer boycotts potentially resulting from a union organizing campaign. By signing an authorized card, an employee would register his or her preference as to whether or not they wanted to be represented by a union for collective bargaining. Mr. Holtzman reports that private employers are authorized under existing Federal law to voluntarily use this procedure in lieu of National Labor Relations Board-supervised election procedures.

Comments: 1. The proposed ordinance would apply to all employers employing 35 or more employees. The ordinance would apply to applicable restaurants and/or hotel employers located both inside and outside of San Francisco. The ordinance would exclude any contract or subcontract between the City and the developer of a project, manger/operator or employer operating the hotel or restaurant that was entered into prior to the enactment of this ordinance as well as renewals of such existing contracts or subcontracts after the effective date of this ordinance which are not substantially amended. The proposed ordinance would also exclude hotel and restaurant projects under the jurisdictional control of the Airport Commission.

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2. Mr. Holtzman advises that, with regard to future fiscal impact, there is a possibility of legal challenges to this proposed ordinance which may result in increased costs to the City Attorney's Office. However Mr. Holtzman states that the amount of such costs can not be estimated at this time.

Recommendation: Approval of the proposed ordinance is a policy issue for the Board of Supervisors.

Item 14 - File 127-97-9

Department: Treasurer-Tax Collector

Item: Ordinance amending Article 12-C of Part III of the San Francisco Municipal Code by amending Section 1115.2, to substitute the Director of Property for the Assessor as a member of the Transfer Tax Review Board.

Description: The Real Property Transfer Tax is a tax of \$2.50 to \$3.75 per \$500 of value on realty sold within the City and County of San Francisco. The Transfer Tax Review Board hears appeals of actions taken by the County Recorder in regards to determining Real Property Transfer Tax due prior to recording of a document, denial of refund claims related to the Real Property Transfer Tax, and determining the amount of delinquent Real Property Transfer Taxes. The members of the Transfer Tax Review Board currently consist of the Controller, the Tax Collector and the Assessor, or their designated representatives. However, under the new Charter, the offices of the Recorder and the Assessor have been combined. Under the current ordinance, the Assessor would hear appeals from decisions made by the Assessor-Recorder, which raises due process concerns, according to Mr. Thomas Owen of the City Attorney's Office.

Mr. Owen advises that the proposed ordinance would eliminate these potential due process concerns by substituting the Director of Property for the Assessor on the Transfer Tax Review Board. Mr. Owen further advises that the Director of Property is an appropriate member of the Transfer Tax Review Board because the Director of Property has expertise in property valuation issues.

Recommendation: Approve the proposed ordinance.

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Items 15 through 22 - Files 127-97-10 through 127-97-17

Department: Treasurer-Tax Collector

Items: File 127-97-10: Ordinance amending Part III of the Municipal Code by adding Article 6, Sections 6.1-1 through 6.23-1, to add common administrative provisions for the Transient Occupancy Tax, Parking Tax, Utility Users Tax, Emergency Response Fee, Stadium Operators Tax, Payroll Expense Tax and Gross Receipts Tax, and providing an effective date of January 1, 1998.

File 127-97-11: Ordinance amending Article 7 of Part III of the Municipal Code, which pertains to the Transient Occupancy Tax.

File 127-97-12: Ordinance amending Article 9 of Part III of the Municipal Code, which pertains to the Parking Tax.

File 127-97-13: Ordinance amending Article 9 of Part III of the Municipal Code, which pertains to the Utility Users Tax.

File 127-97-14: Ordinance amending Article 9 of Part III of the Municipal Code, which pertains to the Emergency Response Fee.

File 127-97-15: Ordinance amending Article 11 of Part III of the Municipal Code, which pertains to the Stadium Operators Tax.

File 127-97-16: Ordinance amending Article 11 of Part III of the Municipal Code, which pertains to the Payroll Expense Tax.

File 127-97-17: Ordinance amending Article 11 of Part III of the Municipal Code, which pertains to the Gross Receipts Tax.

Description:

Background

In April of 1995, the Budget Analyst completed a management audit of the Tax Collector's Office. As part of that audit, the Budget Analyst recommended various legislative changes that were needed to standardize tax due dates and consolidate procedures

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for the Tax Collector's Office. The Tax Collector and the City Attorney's Office also decided at that time that the Tax Code had been amended on a piecemeal basis over many years, and should be subject to a comprehensive review to eliminate inconsistent provisions, outdated language and confusing regulations. In August of 1995, the Board of Supervisors approved a supplemental appropriation of \$372,000 for the City Attorney to revise the Tax Code (File 101-95-14).

The Tax Collector, the City Attorney's Office and the Controller have worked over the past two years to develop the proposed ordinances (Files 127-97-10 through 127-97-17), to make various Business Tax Regulation revisions to the Municipal Code. Mr. Richard Sullivan, Tax Collector, states that the proposed ordinances generally are designed to (1) standardize regulations related to the City taxes, so that the public can more easily comply with such regulations; and (2) enhance the effectiveness of the Tax Collector's Office in collecting tax revenues that are due to the City.

File 127-97-10 would add a new "Common Administrative Provisions" Article 6 of Part III of the Tax Code, incorporating the standardized regulations and providing the Tax Collector with several new tools to use in collecting revenue that is due the City, as will be described in detail below. Files 127-97-11 through 127-97-17 would each amend the Section of the Tax Code pertaining to the City's specific taxes, to delete provisions that would become obsolete with approval of File 127-97-10. The taxes and one fee involved in these revisions are the following: the Transient Occupancy Tax (known as the Hotel Tax), the Parking Tax, the Utility Users Tax, the Emergency Response Fee, the Stadium Operators Tax, the Payroll Expense Tax and the Gross Receipts Tax. In a few instances, the Tax Code Sections would be further amended to clarify specific provisions related to the specific tax.

The effective date of each of the proposed ordinances would be January 1, 1998. File 127-97-10 states that the proposed new Article 6 of the Tax Code would only take effect if the proposed amendments to the other

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Sections of the Tax Code (Files 127-97-11 through 127-97-17) are also approved, because the proposed new Article 6 would contradict with the Sections pertaining to the individual taxes as they are currently written. Therefore, the proposed ordinances should be approved or disapproved as a package.

Major Changes Included in Proposed Ordinances

The significant changes contained in the proposed ordinances are detailed in Attachments No. 1 (a letter from the Tax Collector) and No. 2 (a matrix of Tax Code Changes) to this report, provided by the Tax Collector. In general, the new provisions are included in File 127-97-10, which adds a new Article 6 to the Tax Code, and the old provisions are deleted from Files 127-97-11 through 127-97-17. The major changes that are proposed in the subject amendments to the Tax Code include:

Information Requirements for Taxpayers (Sections 6.4 and 6.5, File 127-97-10)

- Tax Collector would be granted the power to issue subpoenas to obtain information or require persons to meet with Tax Collector staff, in matters related to the taxes listed above.

Third Party Taxes (Sections 6.6, 6.7 and 6.9, File 127-97-10)

Third party taxes are taxes that are collected for the City by a third party. Such taxes include the Hotel Tax, which is collected by hotel operators from hotel patrons, the Parking Tax, which is collected by parking facility operators from persons using the parking facility, the Stadium Operator Admission Tax collected by the Giants and the 49ers from stadium patrons, the Utility Users Tax, collected by utility companies from users of utility services, and the Emergency Response Fee, which is collected by telephone companies from telephone service subscribers. Mr. Sullivan states that a major goal of the proposed revisions to the Tax Code is to give the Tax Collector the ability to ensure that the City receives all of the tax revenue that is due from City

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taxes which are collected by a third party.

- The Tax Collector would be given the authority to require operators and service providers who pay third party taxes to maintain separate trust accounts for the taxes collected from customers, to eliminate commingling of tax revenue with business receipts.
- Various other reporting and payment requirements for third party taxpayers would strengthen enforcement and collection of these taxes, which are often paid in cash.
- Parking and Hotel Taxes are due quarterly. However, third party operators must prepay these taxes on a monthly basis. The Tax Code currently provides that operators make an estimated payment that is at least 30 percent of 90 percent of the total tax paid in the last calendar quarter. The proposed ordinance (File 127-97-10) would give parking and hotel operators the option of prepaying the actual taxes owed for that month, rather than estimating the taxes due based on the prior quarter's activities. Mr. Patrick Sha of the Tax Collector's Office states that this proposed change addresses the concerns of hotel and parking facility operators who have seasonal variation in the level of their business. Mr. Sha advises that this will not have an impact on the total Parking and Hotel Tax revenues received by the City.

Filing of Tax Returns and Payment of Taxes Due
(Article 6.9, File 127-97-10)

- The Tax Code currently allows the Tax Collector to grant filing extensions, for good cause, of up to 60 days, or, for prepayments or taxes due monthly, of up to 30 days. The proposed ordinance (File 127-97-10) would require the taxpayer to pay 90 percent of the tax due at the time of the application for an extension. An interest charge of 0.5 percent to 1.0 percent that can currently be charged on taxes paid pursuant to an extension would be eliminated. Mr. Sha advises that the extensions are generally requested by businesses that need more time to prepare their returns. Currently, such firms can also delay payment of their taxes if they are granted an extension. The

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proposed change would retain the filing extension, but ensure that the City receives 90 percent of the payment due at the time the extension is granted. Mr. Sha advises that the loss in interest payments will be minimal, because only 10 percent of the amount due would be paid at the end of the 30 to 60 day period. At the same time, the City will be able to collect interest on the 90 percent portion of the payment that would currently be delayed for 30 to 60 days, but will now be paid up front.

Penalties for Failure to Register, Provide Information or Pay Taxes Due (Article 6.17 of File 127-97-10)

- The existing sections of the Tax Code currently provide penalties ranging from 10 percent of the tax owed to 20 percent of the tax owed, for failure to pay taxes due or underreporting of taxes due. The proposed ordinance would establish a uniform penalty of 20 percent of the tax owed.
- Under the current Payroll/Gross Receipts Taxes, a \$500 negligence penalty is assessed for (a) failure to pay taxes due, (b) failure to provide requested information or (c) failure to register as required under the Tax Code. The proposed ordinance (File 127-97-10) would establish a negligence penalty of \$20 per day, with a minimum penalty of \$100 and a maximum penalty of \$500. Mr. Sullivan states that this and other related penalty waiver provisions (see Attachment No. 2) would enable the Tax Collector to work with small businesses to collect taxes due with greater flexibility.
- The Tax Collector would be permitted to recover the actual costs of collection from delinquent taxpayers.

Actions that Can be Taken by the Tax Collector to Collect Taxes Owed to the City (Sections 6.10, 6.11, 6.12, 6.18 and 6.19, File 127-97-10)

- Increases the statute of limitations for the Tax Collector to commence collection actions in civil courts from three years to four years.
- "Jeopardy determinations" are determinations by

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the Tax Collector of the taxes owed by a taxpayer, in cases where the Tax Collector demands immediate payment of the amount due because the Tax Collector believes that delay would jeopardize the ability of the City to collect the amount of the determination. The proposed ordinance (File 127-97-10) would give the Tax Collector new powers to enforce such jeopardy determinations, including immediate recording of a lien on the taxpayer's personal property.

- The proposed ordinance (File 127-97-10) would increase the statute of limitations for the Tax Collector to commence collection actions in civil court.

- A "summary judgement" is a legal judgement issued administratively by a County Clerk, rather than by a judge as a result of a court proceeding. Under the current Tax Code, the Tax Collector must go to court to obtain judgements against delinquent taxpayers in regards to the subject taxes listed above. Mr. Sullivan states that this process is time consuming and costly. The proposed ordinance (File 127-97-10) would authorize the Tax Collector to obtain summary judgements from the County Clerk, which would place a lien on the property of the delinquent taxpayer, if payment is not made within ten days of mailing a notice of the tax delinquency to the taxpayer.

- The misdemeanor penalty for persons who willfully fail to pay any of the subject taxes after notification of delinquency would be increased from \$500 to \$1,000.

- Although willful failure to pay delinquent taxes is currently a misdemeanor, the Tax Collector's staff currently has no authority to enforce such misdemeanors. The proposed ordinance (File 127-97-10) would give certain classifications of Investigators in the Tax Collector's Office the authority to issue citations and conduct arrests. The Tax Collector and the Police Department would establish a training program for such Investigators to instruct them in the proper, legal procedures to use in making arrests and issuing citations. Mr. Sullivan advises that the costs of such a training program would be absorbed

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existing budget.

Changes Proposed in Files 127-97-11 through 127-97-17

Based on a review of the legislative digests for Files 127-97-11 through 127-97-17, which involve amendments to specific Tax Codes, most of the amendments proposed in these files involve deletion of language that is obsolete or would be superseded by the Common Administrative Provisions (File 127-97-10), clarification of provisions, and addition of language incorporating the Common Administrative Provisions. However, substantive amendments contained in Files 127-97-12, 127-97-16 and 127-97-17 are described below and in Attachment No. 2.

Parking Tax Exemption for Hotel Patrons (Article 606, File 127-97-12)

- The current Tax Code exempts hotel patrons who park off site from paying the Parking Tax if the hotel patron is not charged for the parking or if the charge is added to the room bill. The proposed ordinance (File 127-97-12) would clarify that there is no exemption for hotel patrons where the charge is added to the room bill, unless the parking is part of the regular room rate.

Exemption from Payroll/Gross Receipts Taxes for Small Businesses (Section 905.A of File 127-97-16 and Section 1005.3 of File 127-97-17)

- Under the existing Tax Code, small businesses forfeit their exemption from the Payroll/Gross Receipts Taxes if they file their tax return late. The proposed ordinances (File 127-96-16 and 127-97-17) would permit the Tax Collector to restore the small business exemption in such cases, if the Tax Collector finds that the taxpayer has shown good cause for the late filing of the tax return.

Comments:

1. Mr. Sullivan states, in Attachment No. 1, that the proposed revisions to the Tax Code "will not increase anyone's taxes nor will they apply to anyone new" and such revisions "will not limit the rights or take away any exemptions from San Francisco

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businesses." He further states that, "We do however believe the amendments will allow us to operate more efficiently, and that efficiency should eventually increase collections." Mr. Sullivan advises that, at this time, he cannot estimate the additional revenues which may accrue to the City, because the Tax Collector's Office has no prior experience with utilizing the proposed new enforcement procedures related to the subject local taxes.

Mr. Sullivan further states that the Tax Collector does not plan to request additional funds to implement the new enforcement procedures that would be established if the proposed ordinances are approved.

2. The Tax Collector's Office and the City Attorney's Office plan to submit an amendment which will incorporate corrections of language that were identified after the proposed ordinances had been submitted to the Board of Supervisors.

Summary:

As described above, the proposed ordinance (File 127-97-10) would establish Common Administrative Provisions for the Hotel Tax, the Parking Tax, the Utility Users Tax, the Emergency Response Fee, the Stadium Operators Tax, the Payroll Expense Tax and the Gross Receipts Tax. Files 127-97-11 through 127-97-17 would each amend the Section of the Tax Code pertaining to one of these specific taxes, to delete provisions that would become obsolete with approval of File 127-97-10, and in some cases to clarify or amend the Tax Code related to that specific tax.

The proposed ordinances would, in general, enhance the Tax Collector's ability to (1) obtain information necessary to determine taxes due, (2) improve accounting and collection of third party taxes, and (3) enforce collection of delinquent taxes. The proposed amendments to the Tax Code involve many detailed changes. This report has presented the major changes identified by the Tax Collector in discussions with the Budget Analyst. Attachments Nos. 1 and 2, provided by the Tax Collector, provide further details on the proposed changes. In addition, the Board of Supervisors file includes legislative digests of each proposed ordinance, prepared by Mr. Tom Owen of

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the City Attorney's Office.

Recommendation: Approve the proposed ordinances.

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Office of the Treasurer/Tax Collector

City and County of San Francisco

Mailing Address: P.O. Box 7426 ♦ San Francisco, CA 94120-7426

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MARY I. CALLANAN, Treasurer

Phone: (415) 554-4478

RICHARD A. SULLIVAN, Tax Collector

Phone: (415) 554-4470

November 3, 1997

Hon. Barbara Kaufman
President of the Board of Supervisors
401 Van Ness Ave., Room 308
San Francisco, CA 94102

RE: Advance Copy of Proposed Amendments to various sections of the San
Francisco Municipal Code: Part III Revenue and Finance Business Regulations

Dear Supervisor Kaufman:

I am requesting your support and sponsorship of the proposed Business Tax Regulation revisions. The amendments will improve administration, enforcement, and the taxpayers' understanding of the following referenced municipal code sections:

Section 61.1 through Section 623.1	Common Administrative Provisions
Section 501.0 through Section 518.0	Transient Occupancy Tax (a.k.a. Hotel Tax)
Section 601.0 through Section 618.0	Parking Tax
Section 701.0 through Section 722.0	Utility Users Tax
Section 752.0 through Section 772.0	Emergency Response Tax
Section 801.0 through Section 844.0	Stadium Operators Tax
Section 901.0 through Section 918.1	Payroll Expense Tax
Section 1001.0 through Section 1027.0	Gross Receipts Tax

The proposed revisions are an outgrowth of the Budget Analysts Report of 1995 and my subsequent response which identified the need to amend major ordinance sections to improve administration and enforcement of the relevant business tax provisions. It was during your tenure as a member of the Budget Committee, that the Committee authorized funding to the City Attorney to review, update, streamline, and simplify the City and County of San Francisco Municipal Code: Part III Revenue and Finance Business Regulations.

This major undertaking required the participation of key staff members from the Tax Collector's Office, the Controller's Office, and City Attorneys from the City Attorney's Office in a collaborative effort. Deputy City Attorney Thomas Owen was the project leader.

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Supervisor Kaufman
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The enclosed proposed amendments represent the results of this two year effort. In summary, the significant improvements of the proposed amendments are as follows:

- 1) Consolidating all common administrative provisions and common penalty provisions language in each taxation section: i.e., 1) Transient Occupancy Tax (Hotel Tax), 2) Parking Tax, 3) Utility Tax, 4) Stadium Tax, 5) Payroll Expense Tax, 6) Gross Receipts Tax, and combining them into a new Common Administrative Provisions Section which elaborates on the various common administrative and penalty provisions.

Redundancy and potential misinterpretation will be reduced dramatically and will ease the use of the regulations for those internal and external to the City and County of San Francisco.

- 2) Revising the filing prepayment requirements for those operators subject to the collection of Parking Tax and the Transient Occupancy Tax (Hotel Tax) for administration and reporting.

The amendments will allow the Parking and Hotel Operators to elect either to continue paying their estimated taxes on the current predetermined basis or on an actual basis. Once selected, the operators will have to continue paying on that basis.

- 3) The amendments also include a new proposed schedule of late filing penalties that will be more equitable. The current provisions assess the same late filing penalty of \$500 with no distinction as to size of business. The amendment revises the penalty to \$20 a day and allows the Tax Collector to adjust the penalty for good cause to \$100.

This will be less burdensome on City and County of San Francisco taxpayers.

- 4) The amendments will allow the Tax Collector to reinstate the \$2,500 Small Business Exemption for good cause.

This change allows us the latitude to assist those small business owners who can clearly justify a reason for late filing. Currently, we are restricted from making what we believe are reasonable decisions.

- 5) Amendments for the collection of third party taxes (Parking Taxes) have been expanded considerably to include greater enforcement provisions and remedies for non-compliance.

The section changes are intended to increase compliance with our ordinance, as collections of these taxes, by the operators, are often in cash and with minimal record keeping. What we propose should strengthen enforcement and collections.

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I am confident that these comprehensive revisions incorporating new and effective enforcement measures will greatly assist the Tax Collector's Office in its discharge of tax collection duties for the City and County of San Francisco, due to:

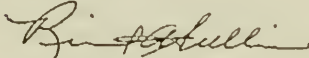
- simplification of the administrative provisions
- uniformity of the administrative and penalty provision language
- clarification of the administrative provisions.

More importantly, these amendments will benefit the taxpayers of the City and County of San Francisco, for they will remove or minimize any unnecessary obstructions that could create friction between the Tax Collector's Office and the citizens we serve.

Also, the revisions will not increase anyone's taxes nor will they apply to anyone new. The amendments will not limit the rights or take away any exemptions from San Francisco businesses. We do however believe the amendments will allow us to operate more efficiently, and that efficiency should eventually increase collections. We will be able to reallocate resources from those taxpayers who are complying with our ordinances and focus greater attention on those who are delinquent or have failed to comply as required by our regulations.

Again, we appreciate your support in moving these very vital amendments to the full board.

Sincerely yours,



Richard A. Sullivan
Tax Collector

cc: Mary L. Callanan
Thomas Owen

Proposed Common Administrative Provisions
(Sec. 6.1-1 through Sec. 6.23-1)

Code	Proposed Code	Regulation	Current Code	Proposed Code Improvements
-	6.1-1 through 6.23-1	Common Administrative Provisions	Repeated in each article of the San Francisco Municipal Code: Part III Revenue and Finance Business Regulations.	Consolidates those sections that are duplicated in the Transient Occupancy Tax, Parking Tax, Utility Tax, Stadium Tax, Payroll Tax, and Gross Receipts Tax sections of the existing Municipal Code that currently cite operational and administrative authority for regulating Business Taxes.
None	6.5-1	Request for Financial Information	None.	Lists some of the financial information.
508(e) 608(e)	6.9-3	Prepayments for Third Party Taxes (Hotel and Parking)	Estimated tax prepayments are computed based on the estimated tax collected during the month but the prepayment shall be equal to a sum less than 90% of 1/3 of the tax collected in the immediately preceding quarterly period.	The estimated prepayments shall be at least 30 percent of the tax collected in the immediately preceding quarterly period. A hotel or parking operator may elect to make monthly prepayments based on actual taxes due for the month or the 30 percent estimate.
907	6.9-4	Extension of Time for prepayments of taxes or for taxes to be deposited monthly	Not to exceed 60 days. 30 days for prepayments or monthly taxes.	As a condition for the extension, a payment of 90% of the person's estimated liability must be paid with the application.
None	6.9-5	If a tax credit is determined by a court to be unlawful	None.	Taxpayer pays additional tax owed within 3 years after court decision, the payment will not include interest or penalties.
None	6.9-7	Partial Payments	None.	Codifies application of partial payments on delinquent tax liabilities between penalties, interest, and tax amounts.
914(a)	6.10-3	Statute of Limitations for commencing collection actions in civil courts	3 years after tax becomes due and collectible.	4 years after tax becomes due and collectible.

Proposed Common Administrative Provisions
(Sec. 6.1-1 through Sec. 6.23-1)

Code	Proposed Code	Regulation	Current Code	Proposed Code Improvements
910.1	6.12-1	Jeopardy Assessments	Tax Collector is authorized to make jeopardy assessments.	General Authorization of the Tax Collector to make jeopardy assessments of tax when Tax Collector determines that collection of tax will be jeopardized by delay.
910.1	6.12-2	Jeopardy Determinations – Due Dates	The amount determined is immediately due and payable.	<ul style="list-style-type: none"> A lien may be recorded immediately and judicial proceedings for collections may be commenced at once. Stay of collection action is contingent upon tax debtor depositing a bond or security deposit with the Tax Collector.
None	6.12-3	Jeopardy Determinations – Effect of Nonpayment	None.	If not paid within 15 days and no petition for redetermination, the delinquency penalty is attached to the tax.
910.1	6.12-5	Jeopardy Determinations – Time to File Redetermination	Within 30 days.	Within 15 days.
911	6.15-1	Refunds – Claim based on alleged violation of U.S. or Calif. Constitutions or statute	Claim filed within 3 years from date of payment.	Claim must be made within 90 days of the date of payment. No class claims for refund allowed.
909.1	6.17-3	Negligence Penalties	<ul style="list-style-type: none"> \$500 late filing penalty for each year. 20% penalty on the tax due. 	More flexibility in the assessment of the flat late filing penalty. Revises the penalty to \$20 a day and allows the Tax Collector to adjust the penalty for good cause to \$100.

Proposed Common Administrative Provisions
(Sec. 6.1-1 through Sec. 6.23-1)

Code	Proposed Code	Regulation	Current Code	Proposed Code Improvements
909.1	6.17-4	Waiver of Penalties	Tax Collector determines delinquency is not due to any fault on the part of the taxpayer. Tax Collector has no authority to waive interest.	<ul style="list-style-type: none"> • Tax Collector has authority to waive any penalty in whole or in part upon specific findings • Taxpayer may cure default without penalty upon payment of tax upon 10 days notice from Tax Collector. • Tax Collector has authority to waive interest on delinquent taxes.
None	6.17-5	Collection Costs	None.	May recover actual costs of collection incurred up to the time any amount owed is finally paid.
None	6.18-1 through 6.18-8	Summary Judgement	None.	Provides for the Tax Collector, after 10 days from mailing notice of tax delinquency by certified mail to tax debtor to file a certificate with the County Clerk; stating the name of the tax debtor, the amount of tax liability owing including interest and penalties. The County Clerk is then authorized to enter a civil judgment in the name of the Tax Collector against the tax debtor in the amount of tax penalties and interest due. The Tax Collector is authorized to have an Abstract of Judgment recorded and also apply for a Writ of Execution recorded and also apply for a Writ of Execution against the named tax debtor. The judgment lien will last for 10 years and can be renewed for an additional 10 years upon application within the 10-year period.
915	6.19-1	Violations A Misdemeanor	\$500 fine.	\$1,000 fine.

**Proposed Common Administrative Provisions
(Sec. 6.1-1 through Sec. 6.23-1)**

Code	Proposed Code	Regulation	Current Code	Proposed Code Improvements
None	6.19-2	Citations	None.	Designates classes of officers and employees empowered to enforce Code by exercising arrest and citation authority.
None	6.19-3	Citation Procedure	None.	Proposes in detail, the contents of citation, time for appearance, appearance, fixing of bail, deposit and forfeiture of bail, hearings, etc.

Item 23 - File 166-97-3

- Department:** Treasurer/ Tax Collector
Department of Public Health
- Item:** Resolution authorizing the Tax Collector Attorney to institute legal proceedings for the recovery of value of medical services rendered at hospital facilities operated by the Department of Public Health, in the amount of \$77,447.23.
- Description:** The proposed resolution would authorize the Tax Collector's Attorney to institute legal proceedings to recover \$77,447.23 from Mrs. Mary Lo Buglio for medical services rendered to her spouse, Mr. Nicholas Lo Buglio (deceased), at San Francisco General Hospital. The Tax Collector's Office reports that it has determined that Mrs. Lo Buglio is legally liable for medical services provided to Mr. Lo Buglio and has the ability to pay for such services, both at the time the services were rendered and at the present time.
- Mr. Richard Sullivan, Tax Collector, has requested that this matter be heard in a closed session of the Finance Committee because the resolution concerns possible future litigation.
- Recommendation:** Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Item 24 - File 166-97-4

Department: Treasurer/Tax Collector

Item: Resolution (a) authorizing the Tax Collector to accept from the Five Star Parking Partnership \$78,195.79 in full satisfaction of the Personal Property Taxes owed to the City for the years 1994, 1995 and 1995 (see Table 1) and directing the Controller to cancel all other Personal Property Taxes due, as well as related penalties and fees; and (b) authorizing the Tax Collector to collect from the Five Star Parking Partnership \$176,935.98 plus interest at 10 percent per annum payable in monthly installments in full satisfaction of the Personal Property Taxes owed to the City for the years 1992 and 1993 (see Table 2), and directing the Controller to cancel all other Personal Property Taxes due, as well as related penalties and fees.

Description: Since October of 1997, Parking Concepts, Inc. in partnership with Daja, Inc. has been the City's parking operator for the St. Mary's Square Parking Garage, a City-owned garage located at 433 Kearny Street in San Francisco. From 1992 through 1996, the Five Star Parking Partnership, which was the City's parking operator, did not pay the City for the Personal Property Taxes assessed to Five Star. As of December 1997 the total delinquent amount of such Personal Property Taxes due to the City was \$512,818.02 (\$299,991.02 plus \$212,827.00), including penalties and fees. Penalties are assessed at the rate of 18 percent. Fees are for lien releases and are approximately \$11 each, according to Mr. Robert Fletcher of the Tax Collector's Office.

The proposed resolution would authorize the Tax Collector to accept \$78,195.79 (see Table 1) and \$176,935.98 (see Table 2), or a total of \$255,131.77 plus interest from the Five Star Parking Partnership in full satisfaction of the delinquent Personal Property Taxes, penalties and fees owed to the City by Five Star. The total of \$255,131.77 represents approximately 49.8 percent of the total amount of \$512,818.02 due to the City from Five Star for the five year period from 1992 to 1996. The amount of \$78,195.79 represents an agreed to negotiated amount for the tax liabilities for years 1994, 1995 and 1996. The amount of \$176,935.98 represents an agreed to, negotiated amount for the tax liabilities for years 1992 and 1993.

As shown in Table 1, the Five Star Parking Partnership would pay the City \$78,195.79 in one lump sum payment.

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For the obligation described in Table 2, the Five Star Parking Partnership would pay the City \$176,935.98 in monthly installment payments of not less than \$7,500 per month, over an estimated period of 24 months. Additionally, Five Star would pay the City interest at the rate of 10 percent per year on the outstanding balance.

Tables

Table 1 (1994, 1995 and 1996)

Amount of Personal Property Taxes Assessed against the Five Star Parking Partnership	\$201,791.79
Amount of Penalties and Fees Assessed	<u>98,199.85</u>
Total Personal Property Taxes, Penalties and Fees Owed by the Five Star Parking Partnership to the City	\$299,991.64
Total amount to be Paid to the City in one lump-sum payment by the Five Star Parking Partnership	<u>78,195.79</u>
Total amount of Personal Property Taxes, fees and penalties proposed to be waived by the Tax Collector, subject to approval by the Board of Supervisors	\$221,795.85

Table 2 (1992 and 1993)

Original Amount of Personal Property Taxes Assessed against the Five Star Parking Partnership	\$131,063.10
Amount of Penalties and Fees Assessed	<u>81,763.90</u>
Total Personal Property Taxes, Penalties and Fees Owed by the Five Star Parking Partnership to the City	\$212,827.00
Total principal amount to be Paid to the City by the Five Star Parking Partnership in installment payments over an estimated period of 24 months, not including interest (see Comment 3)	<u>176,935.98</u>
Total amount of Personal Property Taxes, fees and penalties proposed to be waived by the Tax Collector, subject to approval by the Board of Supervisors.	\$35,891.02

BOARD OF SUPERVISORS
BUDGET ANALYST

Comments:

1. As previously noted, since October of 1997, Five Star no longer operates the St. Mary's Square Parking Garage. According to Mr. John Barber of the DPT, the new operator is Parking Concepts, Inc. in partnership with Daja, Inc. The new operator was selected based on a competitive bidding process, according to Mr. Barber.

2. Ms. Linda Ross of the City Attorney's Office advises that the proposed legislation would authorize Five Star to pay the agreed to negotiated amount of \$176,935.98 for years 1992 and 1993 through installment payments over approximately 24 months instead of in one lump-sum payment, as is being done for the payment of \$78,195.79 agreed to for years 1994, 1995 and 1996, because Five Star does not have the financial resources to pay the entire \$176,935.98 in one lump sum payment.

As noted above, the amount of interest, at the rate of 10 percent per year, on the \$176,935.98 to be paid by Five Star to the City on an installment basis is not included in the \$176,935.98. The exact amount of interest to be paid is not known at this time, because Five Star must pay at least \$7,500 per month, but may pay off the outstanding balance more quickly.

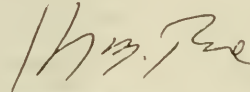
3. Five Star has appealed its 1997 Personal Property Tax Assessment of \$10,907.26 to the Assessment Appeals Board. According to Ms. Ross, the Assessment Appeals Board will hear the matter in the near future. The 1997 Personal Property Tax assessment will be due 60 days after the Assessment Appeals Board's decision on Five Star's appeal.

4. Mr. Fletcher advises that the delinquent Personal Property Taxes owed by Five Star are based on the Possessory Interest Taxes and Personal Property Taxes owed by Five Star to the City for Five Star occupying St. Mary's Square Parking Garage. However, Mr. Fletcher states that State law provides for the administration of Property Taxes in two categories only: (1) the secured Property Tax Roll, and (2) the unsecured Personal Property Tax Roll. All taxes must be categorized into one of these two categories, Mr. Fletcher reports. Possessory interest taxes are categorized as Personal Property Taxes, according to Mr. Fletcher.

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5. Mr. Richard Sullivan, Tax Collector, states that if the Finance Committee needs additional information regarding the basis for the proposed settlement, such information should be addressed in closed session.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Leal
President Kaufman
Supervisor Brown
Supervisor Ammiano
Supervisor Bierman
Supervisor Katz
Supervisor Medina
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Supervisor Yee
Clerk of the Board
Controller
Matthew Hymel
Stephen Kawa
Ted Lakey

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1/31/97
canceled

BOARD of SUPERVISORS



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December 18, 1997

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NOTICE OF CANCELLED MEETINGS

FINANCE COMMITTEE

NOTICE IS HEREBY GIVEN that the regularly scheduled meetings of the
FINANCE COMMITTEE for Wednesday, December 24, and 31, 1997 at 1:00 p.m.,
have been cancelled.

The next regularly scheduled meeting of the FINANCE COMMITTEE will be
held on Wednesday, January 7, 1998, at 1:00 p.m., in Room 410, Veterans Building,
401 Van Ness Avenue, San Francisco, California.

A handwritten signature in cursive script that reads "John L. Taylor".
JOHN L. TAYLOR
Clerk of the Board

POSTED: 12/18/97

